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ST. TAMMANY ASSOCIATION FOR RETARDED CITIZENS, INC. FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED JUNE 30, 2004

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Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officiels. 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 cierk of court.

Release Date 12-15-04

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INDEPENDENT AUDITORS' 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 not-for-profit corporation) as of June 30, 2004, 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 auditing standards generally accepted in the United States of America; and the standards for 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 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, 2004, 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 a report dated November 1, 2004 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. 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.

Sunda & Silve, hhl

November 1, 2004

St. Tammany Association for Retarded Citizens, Inc. Statement of Financial Position June 30, 2004

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ASSETS

| Current Assets Cash and cash equivalents | \$ 1,048,238 |
|---|---------------------------------|
| Receivables | # 1,040,230 |
| Grants | 551,121 |
| Accounts | 153,172 |
| Prepaid expenses | 8,921 |
| | 1,761,452 |
| Property and equipment | |
| Buildings | 2,227,763 |
| Furniture and equipment | 553,994 |
| Vehicles | 550,659 |
| Lore posumulated domession | 3,332,416 |
| Less accumulated depreciation | <u>(1,173,678)</u> 2,158,738 |
| Land | 356,472 |
| | 2,515,210 |
| Total assets | \$ 4,276,661 |
| LIABILITIES AND NET ASSETS | |
| LIABILITIES | |
| Current Liabilities | |
| Accounts payable | \$ 74,862 |
| Accrued interest | 1,205 |
| Accrued salaries, wages and taxes | 191,309 |
| Accumulated paid leave Deferred revenue | 166,744 |
| Third party settlements | 582,861 26,054 |
| Current maturities of long-term debt | 62,913 |
| | 1,105,948 |
| Long-Term Liabilities | |
| Long-term debt, net of current maturities | 1,011,031 |
| | 1,011,031 |
| NET ASSETS | |
| Net Assets Unrestricted | 1 910 771 |
| Temporarily restricted | 1,810,661 349,021 |
| I omportanty roomlood | 547,021 |
| | 2,159,682 |
| Total liabilities and net assets | \$_4,276,661 |

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, 2004

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| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
|---------------------------------------|--------------|---------------------------|---------------------------|-------------------|
| Revenues and Other Support | | | | |
| Government grants and contracts | \$ 3,145,494 | \$- | \$- | \$ 3,145,494 |
| Ad valorem taxes | 470,638 | - | - | 470,638 |
| Private providers | 212,574 | - | - | 212,574 |
| Program services | 1,421,142 | - | - | 1,421,142 |
| Sale of services | 581,485 | - | - | 581,485 |
| Donations | 176,551 | 31,840 | - | 208,391 |
| United Way allocation | - | 60,014 | - | 60,014 |
| United Way designation | 53,897 | - | - | 53,897 |
| Fundraising | 95,419 | - | - | 95,419 |
| Gain (loss) on sale of assets | (348) | - | - | (348) |
| Other | 18,218 | - | - | 18,218 |
| Net assets released from restrictions | | | | |
| Restrictions satisfied by payments | 66,631 | (66,631) | | |
| Total revenues and other support | 6,241,701 | 25,223 | - | 6,266,924 |
| Expenses | | | | |
| Program services | 5,171,407 | - | - | 5,171,407 |
| Supporting services | 901,056 | | <u> </u> | 901,056 |
| Total expenses | 6,072,463 | <u> </u> | | 6,072,463 |
| Change in net assets | \$ 169,238 | \$ 25,223 | <u> </u> | <u>\$ 194,461</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, 2004

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161,414 65,902 48,223 8,081 192,789 225,640 225,640 123,097 21,432 21,432 21,432 23,273 98,079 153,657 84,008 307,305 \$ 4,000,989 276,884 \$ 6,072,463 Total 2,179 1,180 20,221 Fundraising 48,574 3,417 1,499 79,275 283 682 379 791 2 ī . Supporting Services ŝ \$ Administrative 7,854 16,057 9,750 3,141 47,368 14,113 17,441 8,351 3,207 64,130 584,943 44,782 General and 644 821,781 Ś 269,030 153,657 84,008 145,074 4,940 144,739 211,148 257,458 112,567 23,045 65,258 33,879 259,106 36,974 3,052 \$ 5,171,407 3,367,472 Total 183 2,946 501 56,549 4,445 1,282 670 68,627 1,711 287 S ۰, ۱ , Elderly Services Ś (22,058)20,939 1,884 25,717 18,386 43,042 106,026 30,865 1,566 30,792 Better Way Services \$ 258,701 545 399 \$ 516,804 . 4,450 2,060 7,221 27,994 2,639 8,576 6,226 1,218,440 93,999 7,534 17,090 \$ 1,400,130 3,901 . . Waivered Services . Program Services 553,735 41,777 17,769 153,657 84,008 51,015 7,340 36,244 46,284 41,090 20,002 5,168 686 463 13,702 \$ 1,073,514 574 Residential 615,880 47,842 239,872 44,374 24,163 7,669 1,276 36,994 23,742 39,155 11,305 6,795 1,121 Habilitation \$ 1,119,207 ī Infant Habilitation 69,416 68,365 50,104 5,055 18,356 22,023 12,578 543 32,206 38,873 3,956 1,357 6,126 \$ 993,125 \$ 664,167 Adult 4 Depreciation and amortization Day service charges-internal Conferences and training Professional services Fundraising expense Salaries/benefits Miscellaneous State bed fees Payroll taxes Telephone Postage Occupancy Insurance Supplies Interest Travel

The accompanying notes are an intergral part of this statement

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St. Tammany Association for Retarded Citizens, Inc. Statement of Changes in Net Assets June 30, 2004

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| Net assets - beginning of year | \$ 1,965,221 |
|-----------------------------------|--------------|
| Increase (decrease) in net assets | |
| Unrestricted | 169,238 |
| Temporarily restricted | 25,223 |
| Permanently restricted | <u> </u> |
| Net assets - end of year | \$ 2,159,682 |

The accompanying notes are an integral part of this statement.

St. Tammany Association for Retarded Citizens, Inc. Statement of Cash Flows June 30, 2004

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| CASH FLOWS FROM OPERATING ACTIVITIES Change in net assets Adjustments to reconcile change in net assets to net cash provided by operating activities Depreciation and amortization (Gain) loss on disposal of property and equipment | \$ | 194,461 275,690 348 |
|---|---------|----------------------------------|
| (Increase) decrease in operating assets Receivables Prepaid expenses Deposits | | (51,022) (33,634) 181 |
| Increase (decrease) in operating liabilities Accounts payable Accrued liabilities Deferred revenue | | 14,054 21,017 180,443 |
| Net cash provided by (used in) operating activities | | 601,538 |
| CASH FLOWS FROM INVESTING ACTIVITIES Purchases of property and equipment | | (210,572) |
| Net cash provided by (used in) investing activities | | (210,572) |
| CASH FLOWS FROM FINANCING ACTIVITIES Proceeds from loan advances Principal payments on long-term debt Net cash provided by (used in) financing activities | | 130,800 (197,030) (66,230) |
| Net increase (decrease) in cash and cash equivalents | | 324,736 |
| Cash - beginning of year | | 723,502 |
| Cash - end of year | e | 1,048,238 |
| | | 1,048,208 |
| Supplemental cash flow information Cash paid during the year for: Interest | <u></u> | 66,007 |
| Noncash investing and financing activities Fixed assets acquired through long-term debt | | 30,800 |

The accompanying notes are an integral part of this statement.

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, respite and personal care services, and residential housing for citizens of St. Tammany Parish with mental retardation and/or developmental disabilities.

Donated Assets and Services

The Association records noncash donations as contributions at its estimated fair value at the date of donation. Various functions of the Association are conducted by unpaid officers, board members, and volunteers. The value of this contributed time is not reflected in the accompanying financial statements since the volunteers' time does not meet the criteria necessary for recognition.

The Association recognizes donated services, if significant in amount, that create or enhance nonfinancial 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 thirty years, on a straight-line basis.

Income Taxes

The Association is a not-for-profit corporation that is exempt from both federal and Louisiana income taxes under Section 501 (c)(3) of the Internal Revenue Code and R.S. 12:201 of Louisiana statutes.

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.

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.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

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.

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 and disclosures of contingent assets and liabilities at the date of the financial statemeths and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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.

Accounts receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. The Association utilizes the direct write off method for bad debts.

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. As of June 30, 2004, amortization expense is \$9,000 with the asset fully amortized.

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, 2003. The Association has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk to cash.

NOTE D – COMPENSATED ABSENCES

The Association's full-time employees receive from two to five days of annual paid leave upon completion of three months of employment, depending on employee classification. Upon completion of twelve months of employment, full-time employees will receive two to seven weeks of annual paid leave based on varying terms of service. Annual leave vests with employee and therefore, has been accrued up to a maximum accumulated cap of twelve weeks per employee.

| Balance 6/30/2003 Additions | \$ 169,429 137,592 |
|--------------------------------|-----------------------|
| Reductions | (140,277) |
| Balance 6/30/2004 | <u>\$ 166.744</u> |

NOTE E – ADMINISTRATION AGREEMENT

Effective May 1, 1999, the St. Tammany Parish Council and the Association entered into an administration agreement for a period of ten years, whereby the Association would provide services related to acquiring, constructing, improving, maintaining, and operating authorized activities, services, programs and/or facilities for individuals with mental retardation and/or developmentally disabled persons in St. Tammany Parish. The agreement requires the Parish Council to compensate the Association a 1 mill tax annually (\$662,235 for the fiscal year ended June 30, 2004). The Association received \$624,182; of which \$560,463 was deferred for the fiscal year ended June 30, 2004 to properly recognize revenue when it will be earned. The Association incurred expenditures relating to the services provided in the amount of \$470,699. The ad valorem tax received from the Council and the expenditures incurred are included in the specific programs and supporting services of the Association.

NOTE F - NOTES PAYABLE

Notes payable consist of the following at June 30, 2004:

| Mortgage note dated December 1, 1999, payable to a installments of \$4318 consisting of principal and inter of 5.75% through December 1, 2014. This note is cobuilding | erest accruing at a rate | \$ 404,366 |
|--|-----------------------------|---------------------|
| Mortgage note dated November 16, 2001, payable to payment of \$720,000 with current payments of interest through November 30, 2016. This note is collateralized | est only at a rate of 5.75% | 669,578 |
| Maturities are as follows: | | <u>\$ 1,073,944</u> |
| 2005 | \$ 62,913 | |
| 2006 | 66,532 | |
| 2007 | 70,359 | |
| 2008 | 74,406 | |
| 2009 | 78,688 | |
| Thereafter | 721,047 | |
| | <u>\$1,073,944</u> | |
| Current portion | \$ 62,913 | |
| Noncurrent portion | 1,011,031 | |
| | <u>\$1,073,944</u> | |

Interest expense on notes payable for the year ending June 30, 2004 was \$65,902.

NOTE G - 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 training facilities for persons with mental retardation.

The Association's support includes revenue 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 H - UNITED WAY ALLOCATION

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 to the Association for the year ended June 30, 2004, was \$60,014.

NOTE I – RESTRICTED CASH

At June 30, 2004, the Association had restricted cash of \$85,650. The use of these funds is restricted by donors.

NOTE J - FUND RAISING REVENUES

Fund raising revenues are presented at gross, with related expenses presented separately in the accompanying financial statements. Gross fund-raising income for the period ending June 30, 2004, was \$95,419 with expenses totaling \$23,273 to net proceeds of \$72,146.

NOTE K -- 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. As of June 30, 2004, \$26,054 is owed to third party payor.

NOTE L-RETIREMENT PLAN

The Association established a 401(k) Thrift Plan (the "Plan") effective November 1, 2000. Employees of the Association may participate in the Plan, whereby employees elect to make voluntary contributions pursuant to a salary reduction agreement. It is available to all employees who have completed the service requirements (equivalent to one year of service with 1,000 hours of service or more). The Association will make discretionary contributions to the Plan each year as a percentage of all participants' compensation. The Association's contribution for the year ended June 30, 2004 was \$7,279.

NOTE M - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets of \$349,021 are donations from corporations, individuals, and pledges receivable from the United Way of Greater New Orleans to support operations. There was \$66,631 of temporarily restricted net assets released from donor restrictions for general operations of the Association for the year ended June 30, 2004. The amount that will be released from donor restrictions for general operations of the Association will be \$60,014 for the year ended June 30, 2005.

NOTE N - DONATED OFFICE SPACE

The Association occupies donated office space in Slidell. The total value of this donated space was \$16,090 for the year ended June 30, 2004.

NOTE O - RELATED PARTIES

During the year ended June 30, 2004, the Association paid \$50,793 for various building renovations and improvements to a local contractor and board member.

NOTE P – CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Association to concentrations of credit risk consist principally of accounts receivable. As of June 30, 2004, the Waiver program represents 33% of receivables, Title XIX represents 12% and the Department of Education represents 18%.

NOTE Q – LINE OF CREDIT

The Association has a \$100,000 line of credit bearing interest at prime (4.25% at June 30, 2004), and is secured by a collateral real estate mortgage. The line of credit balance at June 30, 2004 was zero.

SUPPLEMENTARY INFORMATION

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|---|---|-----------------------------|-----------------------------|-----------------------------------|---------------------------------------|------------------------|---------------------|--|---|---|
| 5 46,410 5 6.2.719 5 1,008.396 5,1,573 3,1,6,504 5,1,4,73 3,1,2,7,4 5,3,1,606 5,3,1,4,73 3,1,2,7,4 5,3,1,606 5,3,1,4,73 3,1,2,7,4 1,2,1,1,42 1,2,1,1,43 5,3,1,1,2,1,1,43 5,3,1,4,33 5,3,1,4,33 5,3,1,44 5,3,1,44 5,3,1,44 5,3,1,44 5,3,1,44 5,3,1,44 5,3,1,44 5,3,1,44 5,3,1,44 5,3,1,44 5,3,1,44 | Revenues and Other Support | Adult Habilitation | Infant Habilitation | Residential | Waivered Services | Better Way Services | Elderly Services | Program Services Total | General and Administrative Fund Raising | Total |
| rstretic fies 42,46 $778,66$ 1,13,22 6,93 5,423 1,423,142 1,432,143 1,432 6,014 5,435 1,433 5,445 5,435 5,447 6,014 5,447 6,014 5,393 5,147 6,200 48,945 1,13,22 6,930 5,445 5,432 1,13,20 95,104 5,393 5,393 5,393 5,393 5,393 5,393 5,393 5,393 5,303 | iovernment grants and contracts d valorem taxes rivate providers | | | \$ 1,008,399 68,588 125,675 | <pre>\$ 1,587,966 70,937 37,625</pre> | 81,549 | 29,163 47,473 | ŝ | 73,606 | |
| We designation (132) 611 (164) $5,422$ -1 $5,422$ -1 $5,387$ $53,367$ $63,367$ </td <td>rogram service fees ale of services onations nited Way allocation</td> <td>442,486 33,860 25,931</td> <td>978,656 48,666 13,231</td> <td>1,064 13,922</td> <td>20 6,930</td> <td>581,485 55</td> <td>250</td> <td>1,421,142 581,485 83,915 60,014</td> <td>124,476</td> <td>1,421,142 581,485 208,391 60,014</td> | rogram service fees ale of services onations nited Way allocation | 442,486 33,860 25,931 | 978,656 48,666 13,231 | 1,064 13,922 | 20 6,930 | 581,485 55 | 250 | 1,421,142 581,485 83,915 60,014 | 124,476 | 1,421,142 581,485 208,391 60,014 |
| I revenues and other support 1,05,224 1,187,658 1,217,136 1,703,478 668,511 76,886 5,918,893 343,031 6,2 Acreefils 664,167 615,880 553,735 1,218,440 258,701 56,549 3,367,472 633,517 4,0 Acreefils 664,167 615,880 553,735 1,218,440 258,701 56,549 3,367,472 633,517 4,0 area 50,53 29,872 17,769 9,3999 20,939 4,445 3,367 4,303 3,367 2,360,000 7,354 2,100 43,199 3,367 3,367 2,366,000 7,334 2,356,747 40,00 3,367,472 6,3,341 1,40 2,356,747 41,303 3,43,031 6,3 2,356,747 41,303 3,43,031 6,3 2,356,747 41,39,74 41,39,74 41,39,74 41,39,74 41,39,74 41,39,74 41,39,74 1,4 41,9 41,4 41,4 41,4 41,4 41,4 41,4 41,4,50 3,4,10 3,5,6,7 </td <td>nited Way designation indraising ther income ain (loss) on disposition of assets</td> <td>(132) 12,090</td> <td>611 (242)</td> <td>(164)</td> <td></td> <td>5,422</td> <td></td> <td>- 315 17,270 (348)</td> <td>53,897 95,104 948</td> <td>53,897 95,419 18,218 (348)</td> | nited Way designation indraising ther income ain (loss) on disposition of assets | (132) 12,090 | 611 (242) | (164) | | 5,422 | | - 315 17,270 (348) | 53,897 95,104 948 | 53,897 95,419 18,218 (348) |
| Pencfils 664.167 615.880 553.735 $1,218,440$ $258,701$ $56,549$ $3.367,472$ $633,517$ $4,0$ taxes $50,104$ $47,822$ $47,77$ $93,999$ $20,939$ $4,445$ $259,106$ $48,199$ 3.3 onal services $5,035$ $239,872$ $17,769$ $4,450$ $1,884$ $259,030$ 7.844 2 vice charges-internal $83,567$ $44,374$ $51,016$ $3,901$ $1,884$ $259,010$ 7.844 2 vice charges-internal $83,565$ $24,163$ $5,549$ $3.567,742$ $63,3517$ 1 d fees $12,578$ $7,669$ $7,344$ $25,717$ $1,711$ $18,386$ $64,300$ $1.25,714$ $11,249$ s $22,033$ $24,169$ $7,344$ $7,524$ $3,0922$ $12,822$ $14,4739$ $46,304$ $3,141$ e $22,033$ $3,9155$ $4,1,304$ $45,042$ $5,566$ 287 $6,974$ $11,249$ ne $23,206$ $36,994$ $36,244$ $27,924$ $36,974$ $11,249$ $11,249$ ne $3,873$ $11,206$ $26,94$ $36,244$ $27,926$ $36,974$ $11,249$ ne $68,365$ $39,155$ $4,63$ $26,026$ $36,974$ $11,249$ ne $53,873$ $11,206$ 287 $36,974$ $11,249$ ne $53,873$ $11,900$ $2,5302$ $39,925$ $21,4473$ ne $69,166$ $5,974$ $21,996$ $41,900$ $31,41473$ | Total revenues and other support | | 1,187,658 | 1,217,136 | 1,703,478 | 668,511 | 76,886 | 5,918,893 | 348,031 | 6,266,924 |
| benefits 664.167 615.880 553.735 $1,218,440$ $258,701$ $56,549$ $3.367,472$ $(33,517)$ $4,0$ aves $5,055$ $239,872$ $11,777$ $93,999$ $20,939$ $4,445$ $259,106$ $48,199$ 3 aves $5,055$ $239,872$ $11,777$ $93,999$ $20,939$ $4,445$ $259,106$ $48,199$ 3 aves $5,055$ $239,872$ $11,776$ $93,901$ $1,844$ $259,106$ $48,199$ 3 ice charges-internal $18,356$ $4,4374$ $51,015$ $3,901$ $25,717$ $1,711$ $145,074$ 16.340 1 fees $12,708$ $7,669$ $7,340$ $7,534$ $1,566$ 287 $56,974$ $11,249$ 2 e $12,778$ $7,734$ $25,041$ $25,944$ $7,221$ $30,792$ $12,473$ $44,739$ $44,63$ e $12,766$ $36,944$ $7,221$ $30,792$ $12,748$ $16,340$ $11,249$ e $12,766$ $36,944$ $7,221$ $30,792$ $12,304$ $11,249$ e $69,416$ $23,742$ $46,284$ $7,221$ $30,792$ $12,124$ $14,492$ e $69,416$ $23,742$ $46,284$ $7,231$ $30,792$ $12,148$ $14,492$ e $69,416$ $23,742$ $45,286$ $30,865$ $2,946$ $11,249$ $14,492$ e $69,756$ $5,102$ $5,106$ $4,307$ $11,349$ $14,492$ $20,201$ e $1,376$ 1 | enses | | | | | | | | | |
| aves $50,104$ $47,842$ $41,777$ $93,999$ $20,939$ $4,445$ $259,106$ $48,199$ 3 anal services $5,055$ $239,872$ $17,769$ $4,450$ $1,884$ $269,030$ 7.854 2 ice charges-internal $13,3657$ $13,3657$ $13,3657$ $13,3667$ 7.854 $269,030$ 7.854 2 ice charges-internal $18,356$ $44,374$ $51,015$ $3,901$ $25,717$ $1,711$ $145,074$ $16,340$ 1 ice charges-internal $22,2023$ $24,163$ 666 $7,534$ $7,534$ $1,566$ 287 $36,974$ $11,249$ $31,41$ ev $32,206$ $36,944$ $7,221$ $30,722$ $13,4739$ $48,050$ $11,249$ ev $33,873$ $11,236$ $45,226$ $30,722$ $13,4739$ $48,050$ $11,492$ $25,748$ $18,3232$ $22,748$ $18,3232$ $22,748$ $18,3232$ $22,748$ $14,492$ $25,640$ </td <td>llaries/benefits</td> <td>664,167</td> <td>615,880</td> <td>553,735</td> <td>1,218,440</td> <td>258,701</td> <td>56,549</td> <td>3,367,472</td> <td>633,517</td> <td>4,000,989</td> | llaries/benefits | 664,167 | 615,880 | 553,735 | 1,218,440 | 258,701 | 56,549 | 3,367,472 | 633,517 | 4,000,989 |
| mal services5,055239,87217,7694,4501,884269,0307,8542l fees133,657133,657133,657133,657113,6571l fees18,35644,37451,0153,90125,7171,711145,07416,3401l fees12,5787,6697,3407,5341,56628736,97411,249set12,5787,6697,3407,5341,56628736,97411,249set12,5787,6697,3407,52130,7921,282144,73948,0501set12,57811,2764632,060545539,4403,141set23,20636,99436,2447,22130,7921,282144,73948,0501set32,20636,99436,2447,22130,79212,282144,73948,0501set33,654,91092,66633,79212,282144,73948,0501set38,87311,30720,0028,57630,95520,94611,4922set1,35711,3025743,3044,30730,22130,22130,221set1,3571,1213,79213,3022,06623,0454,387set3,8731,1213,79213,3022,0662,046112,567set1,3571,35713,3022,0464,3073,0232,021set | iyroll taxes | 50,104 | 47,842 | 41,777 | 93,999 | 20,939 | 4,445 | 259,106 | 48,199 | 307,305 |
| ice charges-internal153,6571153,6571lfees84,00884,00884,00884,008lfees18,35644,37451,0153,90125,7171,711145,07416,3401lees22,02324,1636867,3407,5341,56628756,97411,249lee12,5767,6697,3407,5341,56628756,97411,249sev32,20636,99436,2447,22130,7921,282144,79948,0501ev69,41623,74246,28427,99443,042670211,14814,4922ev69,41623,74246,28427,99443,042670211,14814,4922ev536539,15541,0902,639106,026183237,45818,2322ev3,87311,30520,0028,57630,8652,946112,56710,5301ing1,3571,1215741,7090(22,058)3,05564,2004,387ing6,12619,01913,7025,1686,226339,95564,20064,202ing5,119,2075,10905,1085,1045,6105,111,4075,911,4075,911,407expenses52,99151,17,99021,0902,26834,30505,111,4075,910,5055,001hange in net assets57,09951,3,0925< | ofessional services | 5,055 | 239,872 | 17,769 | 4,450 | 1,884 | | 269,030 | 7.854 | 276,884 |
| If lecs 84,008 644 64 64 64 64 64 64 64 | ay service charges-internal | | | 153,657 | | | | 153,657 | | 153.657 |
| 18,35644,37451,0153,901 $25,717$ $1,711$ $145,074$ $16,340$ 1 12,5787,6697,3407,534 $1,566$ 287 $36,974$ $11,249$ 54312,5787,6697,3407,534 $1,566$ 287 $36,974$ $11,249$ 54312,5787,6697,3407,521 $30,792$ $1,282$ $144,739$ $48,050$ 54335,5994 $36,994$ $36,244$ 7,221 $30,792$ $1,282$ $144,739$ $48,050$ 5 $6,9416$ $23,742$ $46,284$ $27,994$ $43,042$ 670 $211,148$ $14,492$ 22 5 $36,994$ $36,994$ $36,244$ $7,221$ $30,792$ $1,282$ $144,739$ $48,050$ 1 5 $6,9416$ $23,742$ $46,284$ $27,994$ $43,042$ 670 $211,148$ $14,492$ 22 5 $38,873$ $11,2305$ $20,002$ $8,576$ $30,865$ $2,946$ $112,567$ $10,530$ $112,567$ 1,121 $3,746$ $11,2305$ $5,168$ $6,795$ $5,168$ $6,795$ $3,926$ $5,206$ $3,926$ $2,946$ $112,567$ $4,387$ 1,123 $1,1237$ $1,121$ $3,746$ $11,2302$ $5,174,90$ $5,045$ $4,387$ 1,126 $1,3702$ $1,7090$ $(22,058)$ $39,56$ $5,91,075$ $5,01,056$ $5,601$ 1,0001 $6,126$ $99,125$ $5,1,11,9,207$ $5,100,130$ $5,16,804$ $5,171,407$ $5,$ | ate bed fees | | | 84,008 | | | | 84,008 | | 84,008 |
| c22,02324,16368618,38665,258644r12,5787,6697,3407,5341,56628736,97411,249s5431,2764632,060545534,9403,141s32,20636,99436,2447,22130,7921,28214,73948,0501s69,41623,74246,28427,99443,042670211,14814,4922s69,41623,74246,28427,99443,042670211,14814,4922s69,41623,74246,28427,99443,042670211,14814,4922s69,36539,15541,0902,639106,02618323,745818,2322s3,9566,7955,1686,22639950123,0454,387ing1,3571,1215,7413,0505013,02220,231ing1,35713,70213,70217,090(22,038)56,6275,171,4075,901,056nouse6,12619,01913,70217,090(22,038)56,6275,171,4075,901,0565,6,07nouse6,12619,013051,073,51451,0,5305,6,075,171,4075,901,0565,6,07nouse57,099513,60253,3,3485,16,80455,171,4075,901,0565,6,20nouse57,099 | upplies | 18,356 | 44,374 | 51,015 | 3,901 | 25,717 | 1,711 | 145,074 | 16,340 | 161,414 |
| c $1,578$ $7,669$ $7,340$ $7,534$ $1,566$ 287 $36,974$ $11,249$ 543 533 $1,276$ 463 $2,060$ 545 53 $4,940$ $3,141$ cy $32,206$ $36,994$ $36,244$ $7,221$ $30,792$ $1,282$ $144,739$ $48,050$ 1 cy $69,416$ $23,742$ $46,284$ $27,994$ $43,042$ 670 $211,148$ $14,492$ 2 c $69,416$ $23,742$ $46,284$ $27,994$ $43,042$ 670 $211,148$ $14,492$ 2 c $69,416$ $23,742$ $46,284$ $27,994$ $43,042$ 670 $211,148$ $14,492$ 2 c $69,416$ $23,742$ $46,284$ $27,994$ $43,042$ 670 $211,148$ $14,492$ 2 c $69,416$ $23,742$ $41,090$ $2,639$ $106,026$ 183 $257,458$ $18,232$ 2 c $3,877$ $11,121$ 576 $30,865$ $2,946$ $112,567$ $10,530$ $4,387$ c $1,357$ $1,121$ 574 $6,226$ $39,865$ $2,946$ $112,567$ $10,530$ c $1,357$ $1,121$ 574 $6,226$ $39,865$ $2,946$ $112,567$ $10,530$ c c $1,2507$ $5,109$ $5,103$ $5,109$ $5,103$ $5,1045$ $4,387$ c c $1,3702$ $5,1090$ $5,103,348$ $5,6,07$ $5,6,07$ $20,058$ $5,$ | lterest | 22,023 | 24,163 | 686 | | 18,386 | | 65,258 | 644 | 65,902 |
| cy5431,2764632,060545534,9403,141cy32,20636,99436,2447,22130,7921,282144,73948,0501c69,41623,74246,28427,99443,042670211,14814,4922tion and amortization68,36539,15541,0902,639106,026183257,45818,2322sex d trauning3,87311,30520,0028,57630,8652,946112,56710,5301ccs and trauning1,3571,1215741,7096,22639950123,0454,387ing1,3571,12157417,090(22,058)39,65720,22164,200nous6,12619,01913,70217,090(22,058)33,87964,200neous $6,126$ 5,119,2075,1,0915,1,0015,56,8045,6,675,171,4075,901,0565,6,0thange in net assets572,0995,64515,103,3485,151,7075,8,2595,747,4865,53,025)5,1 | slephone | 12,578 | 7,669 | 7,340 | 7,534 | 1,566 | 287 | 36,974 | 11,249 | 48,223 |
| cy $32,206$ $36,944$ $36,244$ $7,221$ $30,792$ $1,282$ $144,739$ $48,050$ 1 e $69,416$ $23,742$ $46,284$ $27,994$ $43,042$ 670 $211,148$ $14,492$ 2 fion and amortization $68,365$ $39,155$ $41,090$ $2,639$ $106,026$ 183 $257,458$ $18,232$ 2 ges and training $3,873$ $11,305$ $20,002$ $8,576$ $30,865$ $2,946$ $112,567$ $10,530$ 1 field $1,377$ $1,121$ 574 $6,226$ $30,865$ $2,946$ $112,567$ $10,530$ 1 field $1,377$ $1,121$ 574 $6,226$ $30,865$ $2,946$ $112,567$ $10,530$ 1 field $1,377$ $1,121$ 574 $1,7090$ $(22,058)$ $33,879$ $64,200$ $54,201$ nous $6,126$ $19,019$ $13,702$ $1,7,090$ $516,804$ $5.66,627$ $5.171,407$ $5.901,056$ 5.60 hange in net assets 5 $72,099$ 5 $64,512$ $5.303,348$ $5.151,707$ 5 $8,259$ 5 $747,486$ $5.53,025$ 5.60 | ostage | 543 | 1,276 | 463 | 2,060 | 545 | 53 | 4,940 | 3,141 | 8,081 |
| 69,416 23,742 46,284 27,994 43,042 670 211,148 14,492 2 ation 68,365 39,155 41,090 2,639 106,026 183 257,458 18,232 2 38,873 11,305 20,002 8,576 30,865 2,946 112,567 10,530 1 39,56 6,795 5,168 6,226 399 501 23,045 4,387 1,537 1,357 1,121 574 6,226 399 501 23,045 4,387 1,530 1 6,126 19,019 13,702 17,090 (22,058) 33,879 64,200 64,200 5<993,125 | coupancy | 32,206 | 36,994 | 36,244 | 7,221 | 30,792 | 1,282 | 144,739 | 48,050 | 192,789 |
| ation $68,365$ $39,155$ $41,090$ $2,639$ $106,026$ 183 $257,458$ $18,232$ 2 $38,873$ $11,305$ $20,002$ $8,576$ $30,865$ $2,946$ $112,567$ $10,530$ 1 $3,956$ $6,795$ $5,168$ $6,226$ 399 501 $23,045$ $4,387$ $1,377$ $1,121$ 574 $6,226$ 399 501 $23,045$ $4,387$ $6,126$ $19,019$ $13,702$ $17,090$ $(22,058)$ $33,879$ $64,200$ 5 $993,125$ 5 $1,119,207$ 5 $1,400,130$ 5 $516,804$ 5 $68,627$ 5 $901,056$ $56,0$ ets 5 $72,099$ 5 $68,451$ 5 $143,622$ 5 $303,348$ 5 $151,707$ 5 $8,259$ 5 $(553,025)$ 5 | surance | 69,416 | 23,742 | 46,284 | 27,994 | 43,042 | 670 | 211,148 | 14,492 | 225,640 |
| 38,873 11,305 20,002 8,576 30,865 2,946 112,567 10,530 1 3,956 6,795 5,168 6,226 399 501 23,045 4,387 1,357 1,121 574 6,226 399 501 23,045 4,387 6,126 19,019 13,702 17,090 (22,058) 33,879 64,200 5<993,125 | cpreciation and amortization | 68,365 | 39,155 | 41,090 | 2,639 | 106,026 | 183 | 257,458 | 18,232 | 275,690 |
| 3,956 6,795 5,168 6,226 399 501 23,045 4,387 1,377 1,121 574 3,052 20,221 3,052 20,221 6,126 19,019 13,702 17,090 (22,058) 33,879 64,200 5 993,125 5 1,119,207 5 1,400,130 5 516,804 5 68,627 5 901,056 5 6,0 ets 5 72,099 5 68,451 5 143,622 5 303,348 5 151,707 5 8,259 5 747,486 5 (553,025) 5 1 | avel | 38,873 | 11,305 | 20,002 | 8,576 | 30,865 | 2,946 | 112,567 | 10,530 | 123,097 |
| 1,357 1,121 574 3,052 20,221 6,126 19,019 13,702 17,090 (22,058) 33,879 64,200 5<993,125 | onferences and training | 3,956 | 6,795 | 5,168 | 6,226 | 399 | 501 | 23,045 | 4,387 | 27,432 |
| 6,126 19,019 13,702 17,090 (22,058) 33,879 64,200 nses \$ 993,125 \$ 1,119,207 \$ 1,073,514 \$ 1,400,130 \$ 516,804 \$ 68,627 \$ 5,171,407 \$ 901,056 \$ 6,0 rin net assets \$ 72,099 \$ 68,451 \$ 143,622 \$ 303,348 \$ 151,707 \$ 8,259 \$ 747,486 \$ (553,025) \$ 1 | Indraising | 1.357 | 1,121 | 574 | | | | 3,052 | 20,221 | 23,273 |
| \$ 993,125 \$ 1,119,207 \$ 1,073,514 \$ 1,400,130 \$ 516,804 \$ 68,627 \$ 5,171,407 \$ 901,056 \$ 6 net assets \$ 72,099 \$ 68,451 \$ 143,622 \$ 303,348 \$ 151,707 \$ 8,259 \$ 747,486 \$ (553,025) \$ | liscellaneous | 6,126 | 19,019 | 13,702 | 17,090 | (22,058) | | 33,879 | 64,200 | 98,079 |
| \$ 72,099 \$ 68,451 \$ 143,622 \$ 303,348 \$ 151,707 \$ 8,259 \$ 747,486 \$ (553,025) \$ | Total expenses | | 1,119,207 | | 11 | | | 1 | | \$ 6,072,463 |
| | Change in net assets | \$ 72,099 | | \$ 143,622 | Ś | \$ 151,707 | | \$ 747,486 | I | \$ 194,461 |

See independent auditors' report 15 St. Tammany Association for Retarded Citizens, Inc. Schedule of Revenues, Other Support and Expenses By Program ans Supporting Services For the Year Ended June 30, 2004

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| | Total | \$ 3,145,494 | 212.574 | 1,421,142 | 581,485 | 208,391 | 60,014 | 53,897 | 95,419 | 18,218 | (348) | 6,266,924 | | 6,266,924 | | 4,308,294 | 192,789 | 123,097 | 1,448,283 | 6,072,463 | 6,072,463 | \$ 194,461 |
|------------------------|---|---------------------------------|-------------------|----------------------|------------------|-----------|-----------------------|------------------------|-------------|--------------|--------------------------------------|-----------|---|----------------------------------|----------|-----------------------|-----------|---------|-------------------------------|---|----------------|-------------------------|
| Supporting Services | General and Administrative Fund Raising | - ' YO'' | 000'C/ | ı | • | 124,476 | • | 53,897 | 95,104 | 948 | | 348,031 | (348,031) | | | 681,716 | 48,050 | 10,530 | 160,760 | 901,056) (901,056) | | ÷. |
| | Program Services Total | \$ 3,145,494 | 212.574 | 1,421,142 | 581,485 | 83,915 | 60,014 | • | 315 | 17,270 | (348) | 5,918,893 | 348,031 | 6,266,924 | | 3,626,578 | 144,739 | 112,567 | 1,287,523 | 5,171,407 901,056 | 6,072,463 | <mark>\$ 194,461</mark> |
| | Elderly Services | ' 55 OC \$ | 47,473 | , ' | • | 250 | | • | • | , | | 76,886 | 3,480 | 80,366 | | 60,994 | 1,282 | 2,946 | 3,405 | 68,627 9,011 | 77,638 | \$ 2,728 |
| | Better Way Services | | | , | 581,485 | 55 | • | | • | 5,422 | • | 668,511 | 38,283 | 706,794 | | 279,640 | 30,792 | 30,865 | 175,507 | 516,804 90,105 | 606,909 | \$ 99,885 |
| Services | Waivered Services | \$ 1,587,966 70.037 | 37,625 | ŀ | | 20 | 6,930 | ı | 4 | • | 1 | 1,703,478 | 100,929 | 1,804,407 | | 1,312,439 | 7,221 | 8,576 | 71,894 | 1,400,130 243,285 | 1,643,415 | \$ 160,992 |
| Program Services | Residential | \$ 1,008,399 68 588 | 125,675 | | , | 1,064 | 13,922 | | (164) | • | (348) | 1,217,136 | 73,087 | 1,290,223 | | 595,512 | 36,244 | 20,002 | 421,756 | 1,073,514 189,222 | 1,262,736 | \$ 27,487 |
| | Infant Habilitation | \$ 62,719 84.017 | · · · | 978,656 | I | 48,666 | 13,231 | • | 611 | (242) | | 1,187,658 | 69,606 | 1,257,264 | | 663,722 | 36,994 | 11,305 | 407,186 | 1,119,207 198,232 | 1,317,439 | \$ (60,175) |
| | Adult Habilitation | \$ 486,410 62 778 | 1,801 | 442,486 | | 33,860 | 25,931 | , | (132) | 12,090 | • | 1,065,224 | 62,646 | 1,127,870 | | 714,271 | 32,206 | 38,873 | 207,775 | 993,125 171,261 | 1,164,326 | \$ (36,456) |
| | Revenues and Other Support | Government grants and contracts | Private providers | Program service fees | Sale of services | Donations | United Way allocation | United Way designation | Fundraising | Other income | Gain (loss) on disposition of assets | | Allocation of supporting service revenues | Total revenues and other support | Expenses | Compensation expenses | Occupancy | Travel | Other direct program expenses | Allocation of supporting service expenses | Total expenses | Change in net assets |

See independent auditors' report. 16

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OTHER INDEPENDENT AUDITORS' REPORT

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Skarda & Silva, L.L.P.

Certified Public Accountants 4331 Iberville Street Mandeville, LA 70471

Steven A. Skarda, C.P.A. Brent A. Silva, C.P.A. (985) 626-8299, Main (985) 626-9767, Fax

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

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, 2004, and have issued our report thereon dated November 1, 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. Tammany Association for Retarded Citizens, Inc.'s 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 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.

anda & Silver, hhp

November 1, 2004

St. Tammany Association for Retarded Citizens, Inc. Schedule of Findings and Questioned Costs For the Year Ended June 30, 2004

Section I - Summary of Auditors' Results

Financial Statements

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| Type of auditors' report issued: | | | Unqualifie | d | |
|--|----------------|------------------|------------|----------|---------------|
| Internal control over financial reporting: | | | | •• | |
| Material weaknesses identified? Reportable conditions identified? | | | _yes | <u>X</u> | no |
| not considered to be material weaknesses? | | | yes | x | none reported |
| | | | | <u> </u> | • |
| Noncompliance material to financial statements | | | | | |
| noted? | | <u> </u> | yes | <u>X</u> | no |
| Federal Awards | | | | | |
| Internal control over major programs: | | | | | |
| Material weaknesses identified? | | Not applicable | | | |
| Reportable conditions identified? | | Not applicable | | | |
| not considered to be material weaknesses? | | | | | |
| Type of auditors' report issued on compliance | | | | | |
| for major programs: | | Not applicable | | | |
| Any audit findings disclosed that are required | | Not applicable | | | |
| to be reported in accordance with | | Not applicable | | | |
| Circular A-133, Section .510 (a)? | | | | | |
| | | | | | |
| Identification of major programs: | | | | | |
| CFDA Numbers | Name of Fe | deral Program or | Cluster | | |
| Nationalizable | N-41' | Lt. | | | |
| Not applicable | Not applica | ble | | | |
| Dollar threshold used to distinguish | | | | | |
| between Type A and Type B programs: | | \$500,000 | - | | |
| Auditee qualified as low-risk audit? | | Not applicable | | | |
| Section II - Internal Control & Compliance | | | | | |
| Governmental Auditing Standards | | | | | |
| OMB Circular A-133 | | | | | |
| Internal Control | | | | | |
| Item Number | Agency/Program | | Questioned | Costs | |
| Not applicable | | | | | |
| Not applicable | | | | | |

St. Tammany Association for Retarded Citizens, Inc. Summary Schedule of Prior Audit Findings For the Year Ended June 30, 2004

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

Section I - Compliance and Internal Control Material to the Financial Statements

No reported findings for the year ended June 30, 2003.

Section II - Internal Control and Compliance Material to Federal Awards

No reported findings for the year ended June 30, 2003.

Section III - Management Letter

No reported findings for the year ended June 30, 2003.