

9780

RECEIVED  
LEGISLATIVE AUDITOR  
04 DEC -8 AM 11:24

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

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 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 12-15-04

## CONTENTS

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
STATEMENT OF FINANCIAL POSITION	3
STATEMENT OF ACTIVITIES	4
STATEMENT OF FUNCTIONAL EXPENSES	5
STATEMENT OF CHANGES IN NET ASSETS	6
STATEMENT OF CASH FLOWS	7
NOTES TO FINANCIAL STATEMENTS	8
SUPPLEMENTAL INFORMATION	
SCHEDULE OF REVENUES, OTHER SUPPORT, AND EXPENSES BY PROGRAM AND SUPPORT SERVICES	15
SCHEDULE OF REVENUES, SUPPORT SERVICES, GENERAL AND ADMINISTRATIVE AND FUNDRAISING EXPENSES ALLOCATED TO PROGRAMS	16
OTHER INDEPENDENT AUDITORS' REPORTS AND FINDINGS AND RECOMMENDATIONS	
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	18
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	20
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS	21

# 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

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.

A handwritten signature in cursive script that reads "Shunda & Silvers, LLP". The signature is written in black ink and is positioned above the date.

November 1, 2004

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

ASSETS

Current Assets	
Cash and cash equivalents	\$ 1,048,238
Receivables	
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
	3,332,416
Less accumulated depreciation	(1,173,678)
	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	166,744
Deferred revenue	582,861
Third party settlements	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	1,810,661
Temporarily restricted	349,021
	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**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>Revenues and Other Support</b>				
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	<u>66,631</u>	<u>(66,631)</u>	<u>-</u>	<u>-</u>
Total revenues and other support	6,241,701	25,223	-	6,266,924
<b>Expenses</b>				
Program services	5,171,407	-	-	5,171,407
Supporting services	<u>901,056</u>	<u>-</u>	<u>-</u>	<u>901,056</u>
Total expenses	<u>6,072,463</u>	<u>-</u>	<u>-</u>	<u>6,072,463</u>
Change in net assets	<u>\$ 169,238</u>	<u>\$ 25,223</u>	<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**

	Program Services						Supporting Services		Total
	Adult Habilitation	Infant Habilitation	Residential	Waivered Services	Better Way Services	Elderly Services	General and Administrative	Fundraising	
Salaries/benefits	\$ 664,167	\$ 615,880	\$ 553,735	\$ 1,218,440	\$ 258,701	\$ 56,549	\$ 584,943	\$ 48,574	\$ 4,000,989
Payroll taxes	50,104	47,842	41,777	93,999	20,939	4,445	44,782	3,417	307,305
Professional services	5,055	239,872	17,769	4,450	1,884	-	7,854	-	276,884
Day service charges-internal	-	-	153,657	-	-	-	-	-	153,657
State bed fees	-	-	84,008	-	-	-	-	-	84,008
Supplies	18,356	44,374	51,015	3,901	25,717	1,711	16,057	283	161,414
Interest	22,023	24,163	686	-	18,386	-	644	-	65,902
Telephone	12,578	7,669	7,340	7,534	1,566	287	9,750	1,499	48,223
Postage	543	1,276	463	2,060	545	53	3,141	-	8,081
Occupancy	32,206	36,994	36,244	7,221	30,792	1,282	47,368	682	192,789
Insurance	69,416	23,742	46,284	27,994	43,042	670	14,113	379	225,640
Depreciation and amortization	68,365	39,155	41,090	2,639	106,026	183	17,441	791	275,690
Travel	38,873	11,305	20,002	8,576	30,865	2,946	8,351	2,179	123,097
Conferences and training	3,956	6,795	5,168	6,226	399	501	3,207	1,180	27,432
Fundraising expense	1,357	1,121	574	-	-	-	-	20,221	23,273
Miscellaneous	6,126	19,019	13,702	17,090	(22,058)	-	64,130	70	98,079
	<u>\$ 993,125</u>	<u>\$ 1,119,207</u>	<u>\$ 1,073,514</u>	<u>\$ 1,400,130</u>	<u>\$ 516,804</u>	<u>\$ 68,627</u>	<u>\$ 821,781</u>	<u>\$ 79,275</u>	<u>\$ 6,072,463</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, 2004**

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	<u><u>\$ 2,159,682</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, 2004**

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

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

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 statements 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.

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

**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	\$ 169,429
Additions	137,592
Reductions	<u>(140,277)</u>
Balance 6/30/2004	<u>\$ 166,744</u>

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

**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 bank in 180 monthly installments of \$4318 consisting of principal and interest accruing at a rate of 5.75% through December 1, 2014. This note is collateralized by land and building	\$ 404,366
Mortgage note dated November 16, 2001, payable to a bank in a lump sum payment of \$720,000 with current payments of interest only at a rate of 5.75% through November 30, 2016. This note is collateralized by land and building	<u>669,578</u>
	<u>\$ 1,073,944</u>

Maturities are as follows:

2005	\$ 62,913
2006	66,532
2007	70,359
2008	74,406
2009	78,688
Thereafter	<u>721,047</u>
	<u>\$1,073,944</u>
Current portion	\$ 62,913
Noncurrent portion	<u>1,011,031</u>
	<u>\$1,073,944</u>

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

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

**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.

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

**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**



**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, 2004**

	Program Services					Services			
	Adult Habilitation	Infant Habilitation	Residential	Waivered Services	Better Way Services	Elderly Services	Program Services Total	General and Administrative Fund Raising	Total
<b>Revenues and Other Support</b>									
Government grants and contracts	\$ 486,410	\$ 62,719	\$ 1,008,399	\$ 1,587,966	81,549	29,163	\$ 3,145,494	\$ 3,145,494	\$ 3,145,494
Ad valorem taxes	62,778	84,017	68,588	70,937	81,549	29,163	397,032	73,606	470,638
Private providers	1,801		125,675	37,625		47,473	212,574		212,574
Program service fees	442,486	978,656					1,421,142		1,421,142
Sale of services					581,485		581,485		581,485
Donations	33,860	48,666	1,064	20	55	250	83,915	124,476	208,391
United Way allocation	25,931	13,231	13,922	6,930			60,014		60,014
United Way designation							-	53,897	53,897
Fundraising	(132)	611	(164)		5,422		17,270	95,104	95,419
Other income	12,090	(242)	(348)				(348)	948	18,218
Gain (loss) on disposition of assets									(348)
<b>Total revenues and other support</b>	<b>1,065,224</b>	<b>1,187,658</b>	<b>1,217,136</b>	<b>1,703,478</b>	<b>668,511</b>	<b>76,886</b>	<b>5,918,893</b>	<b>348,031</b>	<b>6,266,924</b>
<b>Expenses</b>									
Salaries/benefits	664,167	615,880	553,735	1,218,440	258,701	56,549	3,367,472	633,517	4,000,989
Payroll taxes	50,104	47,842	41,777	93,999	20,939	4,445	259,106	48,199	307,305
Professional services	5,055	239,872	17,769	4,450	1,884		269,030	7,854	276,884
Day service charges-internal			153,657				153,657		153,657
State bed fees	18,356	44,374	84,008	3,901	25,717	1,711	84,008	16,340	84,008
Supplies	22,023	24,163	686		18,386		145,074	644	161,414
Interest	12,578	7,669	7,340	7,534	1,566	287	65,258	644	65,902
Telephone	543	1,276	463	2,060	545	53	36,974	11,249	48,223
Postage	32,206	36,994	36,244	7,221	30,792	1,282	4,940	3,141	8,081
Occupancy	69,416	23,742	46,284	27,994	43,042	670	144,739	48,050	192,789
Insurance	68,365	39,155	41,090	2,639	106,026	183	211,148	14,492	225,640
Depreciation and amortization	38,873	11,305	20,002	8,576	30,865	2,946	257,458	18,232	275,690
Travel	3,956	6,795	5,168	6,226	399	501	112,567	10,530	123,097
Conferences and training	1,357	1,121	574				23,045	4,387	27,432
Fundraising	6,126	19,019	13,702	17,090	(22,058)		3,052	20,221	23,273
Miscellaneous							33,879	64,200	98,079
<b>Total expenses</b>	<b>\$ 993,125</b>	<b>\$ 1,119,207</b>	<b>\$ 1,073,514</b>	<b>\$ 1,400,130</b>	<b>\$ 516,804</b>	<b>\$ 68,627</b>	<b>\$ 5,171,407</b>	<b>\$ 901,056</b>	<b>\$ 6,072,463</b>
<b>Change in net assets</b>	<b>\$ 72,099</b>	<b>\$ 68,451</b>	<b>\$ 143,622</b>	<b>\$ 303,348</b>	<b>\$ 151,707</b>	<b>\$ 8,259</b>	<b>\$ 747,486</b>	<b>\$ (553,025)</b>	<b>\$ 194,461</b>

See independent auditors' report

**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, 2004**

	Program Services						Supporting Services General and Administrative Fund Raising	Total
	Adult Habitatation	Infant Habitatation	Residential	Waivered Services	Better Way Services	Elderly Services		
<b>Revenues and Other Support</b>								
Government grants and contracts	\$ 486,410	\$ 62,719	\$ 1,008,399	\$ 1,587,966	\$ -	\$ -	\$ -	\$ 3,145,494
Ad valorem taxes	62,778	84,017	68,588	70,937	81,549	29,163	73,606	470,638
Private providers	1,801	-	125,675	37,625	-	47,473	-	212,574
Program service fees	442,486	978,656	-	-	-	-	-	1,421,142
Sale of services	-	-	-	-	581,485	-	-	581,485
Donations	33,860	48,666	1,064	20	55	250	-	208,391
United Way allocation	25,931	13,231	13,922	6,930	-	-	-	60,014
United Way designation	-	-	-	-	-	-	-	-
Fundraising	(132)	611	(164)	-	-	-	53,897	53,897
Other income	12,090	(242)	-	-	5,422	-	95,104	95,419
Gain (loss) on disposition of assets	-	-	(348)	-	-	-	948	18,218
	<u>1,065,224</u>	<u>1,187,658</u>	<u>1,217,136</u>	<u>1,703,478</u>	<u>668,511</u>	<u>76,886</u>	<u>348,031</u>	<u>6,266,924</u>
Allocation of supporting service revenues	62,646	69,606	73,087	100,929	38,283	3,480	(348,031)	-
	1,127,870	1,257,264	1,290,223	1,804,407	706,794	80,366	-	6,266,924
<b>Expenses</b>								
Total revenues and other support								
Compensation expenses	714,271	663,722	595,512	1,312,439	279,640	60,994	681,716	4,308,294
Occupancy	32,206	36,994	36,244	7,221	30,792	1,282	48,050	192,789
Travel	38,873	11,305	20,002	8,576	30,865	2,946	10,530	123,097
Other direct program expenses	207,775	407,186	421,756	71,894	175,507	3,405	160,760	1,448,283
	<u>993,125</u>	<u>1,119,207</u>	<u>1,073,514</u>	<u>1,400,130</u>	<u>516,804</u>	<u>68,627</u>	<u>901,056</u>	<u>6,072,463</u>
Allocation of supporting service expenses	171,261	198,232	189,222	243,285	90,105	9,011	(901,056)	-
	1,164,326	1,317,439	1,262,736	1,643,415	606,909	77,638	-	6,072,463
Total expenses								
Change in net assets	\$ (36,456)	\$ (60,175)	\$ 27,487	\$ 160,992	\$ 99,885	\$ 2,728	\$ -	\$ 194,461

See independent auditors' report.

**OTHER INDEPENDENT AUDITORS' REPORT**

# 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.

*Sharda & Silver, LLP*  
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

Type of auditors' report issued:	Unqualified	
Internal control over financial reporting:		
Material weaknesses identified?	_____ yes	<u>  X  </u> no
Reportable conditions identified?		
not considered to be material weaknesses?	_____ yes	<u>  X  </u> none reported
Noncompliance material to financial statements noted?	_____ 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 to be reported in accordance with Circular A-133, Section .510 (a)?	Not applicable

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
Not applicable	Not applicable
Dollar threshold used to distinguish between Type A and Type B programs:	<u>    \$500,000    </u>
Auditee qualified as low-risk audit?	Not applicable

**Section II - Internal Control & Compliance  
Governmental Auditing Standards  
OMB Circular A-133**

**Internal Control**

<u>Item Number</u>	<u>Agency/Program</u>	<u>Questioned Costs</u>
Not applicable		

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

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

**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.