

**SABINE ASSOCIATION FOR RETARDED CITIZENS, INC.  
MANY, LOUISIANA  
FINANCIAL STATEMENTS  
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 1-12-05

SABINE ASSOCIATION FOR RETARDED CITIZENS, INC.  
MANY, LOUISIANA  
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JUNE 30, 2004

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SABINE ASSOCIATION FOR RETARDED CITIZENS, INC.  
MANY, LOUISIANA  
BOARD OF DIRECTORS  
JUNE 30, 2004

President	Pete Abington
Vice-President	Welton Anthony
Secretary	Marguerite Spears
Treasurer	Mary Hariel
Board Members	Linda Ebarb Carla Garner Katherine Green Gene Hubley Anna Lites Gloria Ruffin

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Executive Director

Wayne Martinez

# HINES, JACKSON & HINES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS  
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## INDEPENDENT AUDITORS' REPORT

### *Board of Directors*

Sabine Association for Retarded Citizens, Inc.  
Many, Louisiana 71449

We have audited the accompanying statement of financial position of the Sabine Association for Retarded Citizens, Inc., (a non-profit organization) as of June 30, 2004, and the related statements of activities, cash flows, and functional expenses 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 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 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 the Sabine Association for Retarded Citizens, Inc., as of June 30, 2004, and the changes in its net assets, cash flows, and functional expenses 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 December 23, 2004, on our consideration of the Sabine 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.*

Our audit was performed for the purpose of forming an opinion on the financial statements of the Sabine Association for Retarded Citizens, Inc., Many, Louisiana, taken as a whole. The accompanying supplemental information schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

***Hines, Jackson & Hines***

Natchitoches, Louisiana  
December 23, 2004

EXHIBIT A

SABINE ASSOCIATION FOR RETARDED CITIZENS, INC.  
MANY, LOUISIANA  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2004

<b>ASSETS</b>	
Cash	\$ 356,785
Receivables	244,743
Inventory	26,911
Prepaid expenses	50,488
Deposits	10,541
Property, buildings and equipment, net	<u>756,244</u>
Total Assets	<u>\$ 1,445,712</u>
<b>LIABILITIES</b>	
Accounts payable and accruals	<u>\$ 188,466</u>
Total Liabilities	188,466
<b>NET ASSETS</b>	
Unrestricted	1,170,770
Temporarily restricted	<u>86,476</u>
Total Net Assets	<u>1,257,246</u>
Total Liabilities and Net Assets	<u>\$ 1,445,712</u>

The notes to the financial statements are an integral part of this statement.

SABINE ASSOCIATION FOR RETARDED CITIZENS, INC.  
MANY, LOUISIANA  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2004

UNRESTRICTED NET ASSETS	
Support	
Medicaid	\$ 1,755,487
Contract work	597,117
Service fees-DHH	314,405
Service fees-group homes	325,480
Patient liability	81,342
Supported Independent Living	41,651
Grant-La Depart of Transportation and Development	83,670
Rentals	13,800
Interest	1,275
Other	18,035
Intercompany transfers	138,607
Net Assets Released from Restrictions	
Depreciation on restricted assets	<u>18,753</u>
Total Revenues, Gains and Other Support	3,389,622
EXPENSES	
Program services	2,313,923
Management and general	827,512
Intercompany transfers	<u>138,607</u>
Total Expenses	<u>3,280,042</u>
Increase in Unrestricted Net Assets	109,580
TEMPORARILY RESTRICTED NET ASSETS	
Current depreciation on restricted assets	<u>(18,753)</u>
Increase/(Decrease) in Temporarily Restricted Net Assets	<u>(18,753)</u>
Increase in Net Assets	90,827
NET ASSETS, Beginning of year	<u>1,166,419</u>
NET ASSETS, End of year	<u>\$ 1,257,246</u>

SABINE ASSOCIATION FOR RETARDED CITIZENS, INC.  
MANY, LOUISIANA  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2004

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Change in net assets	\$ 90,827
Adjustments to reconcile change in net assets to net cash used by operating activities	
Depreciation	109,881
Bad debt expense	597
Gain on sale of assets	(6,000)
(Increase)/decrease in operating assets	
Receivables	26,098
Inventory	37,829
Prepaid expenses	(12,189)
Deposits	20,891
Increase/(decrease) in operating liabilities	
Accounts payable and accruals	<u>(13,241)</u>
Net Cash Provided By/(Used In) Operating Activities	254,693
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Proceeds from sale of assets	6,000
Purchase of equipment	<u>(166,308)</u>
Net Cash Provided By/(Used In) Investing Activities	(160,308)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Principal repayments on notes payable	<u>(45,492)</u>
Net Cash Provided By/(Used In) Financing Activities	<u>(45,492)</u>
Net Increase/(Decrease) in Cash	48,893
CASH, Beginning of year	<u>307,892</u>
CASH, End of year	<u>\$ 356,785</u>

SABINE ASSOCIATION FOR RETARDED CITIZENS, INC.  
MANY, LOUISIANA  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2004

	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
<b>COMPENSATION AND RELATED EXPENSES</b>			
Employee benefits	\$ 31,133	\$ 9,404	\$ 40,537
Payroll taxes	78,166	20,599	98,765
Salaries	1,052,677	277,195	1,329,872
Workman's compensation insurance	<u>54,229</u>	<u>7,032</u>	<u>61,261</u>
Total Compensation And Related Expenses	1,216,205	314,230	1,530,435
<b>OCCUPANCY EXPENSES</b>			
Depreciation	31,014	6,305	37,319
Insurance	32,776	7,463	40,239
Interest	1,013	0	1,013
Property taxes	4,091	0	4,091
Repairs and maintenance	33,161	13,342	46,503
Utilities	<u>44,265</u>	<u>10,629</u>	<u>54,894</u>
Total Occupancy Expenses	146,320	37,739	184,059
<b>TRANSPORTATION EXPENSES</b>			
Depreciation	48,945	5,892	54,837
Fuel and oil	42,393	2,269	44,662
Insurance	24,412	6,822	31,234
Repairs and maintenance	<u>19,201</u>	<u>3,729</u>	<u>22,930</u>
Total Transportation Expenses	134,951	18,712	153,663
<b>OTHER EXPENSES</b>			
Bad debt	597	0	597
Central office expense	0	357,908	357,908
Client recreation	1,467	0	1,467
Clothing and other personal items	23,979	0	23,979
Commissions	14,157	0	14,157
Contract services	73,176	2,169	75,345
Depreciation	15,796	1,929	17,725
Dues	0	2,571	2,571
Food	126,073	0	126,073
Insurance	0	17,371	17,371
License	4,938	78	5,016
Materials	308,415	0	308,415
Other	7,077	2,261	9,338
Postage	0	2,233	2,233
Professional fees	0	33,910	33,910
Provider fees-DHH	143,587	0	143,587
Rent	0	8,285	8,285
Repairs and maintenance	21,018	1,830	22,848
Supplies	72,956	16,985	89,941
Telephone	3,015	8,402	11,417
Training	0	717	717
Travel	<u>196</u>	<u>182</u>	<u>378</u>
Total Other Expenses	<u>816,447</u>	<u>456,831</u>	<u>1,273,278</u>
Total Functional Expenses	<u>\$ 2,313,923</u>	<u>\$ 827,512</u>	<u>\$ 3,141,435</u>

The notes to the financial statements are an integral part of this statement.

SABINE ASSOCIATION FOR RETARDED CITIZENS, INC.  
MANY, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2004

**NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**REPORTING ENTITY**

The Sabine Association for Retarded Citizens, Inc., is a quasi-governmental, nonprofit organization incorporated August 13, 1970, whose purpose is to a) promote the general welfare of mentally retarded citizens everywhere (at home, at school, in the community, and in institutions), b) aid the parents and families of mentally retarded citizens in the solution of personal, family and social problems arising from mental retardation, c) cooperate with all public and private agencies, organizations, groups and individuals working for the welfare of mentally retarded citizens, d) promote through dissemination of information to the general public, a fuller and more sympathetic understanding of the problems of mental retardation, their wide prevalence, and consequential social implications, e) help provide facilities for evaluation, care, treatment, education and employment of mentally retarded citizens, f) research into all phases of mental retardation: The causes, prevention, medical and social treatment, special educational methods, and opportunities for employment, g) train and educate both professional and nonprofessional personnel for work in the field of mental retardation, h) serve as a clearinghouse of information concerning mental retardation and activities on behalf of the mentally retarded in Sabine Parish, I) help foster local, state and national legislation on behalf of mentally retarded citizens.

The Association operates three separate divisions as follows: 1) the Adult Habilitation Program, receives funding from the State of Louisiana, Department of Health and Hospitals, Office for Citizens with Developmental Disabilities to provide adult day services for at least 240 days each year. 2) Sabine Productions, a totally self-supportive sheltered workshop program, generating revenues through contracts with private individuals and companies for the provision of services performed by the members of the workshop. No federal financial assistance of any type is received by Sabine Productions. 3) Group residential services, which operates six (6) group homes for the benefit of mentally handicapped individuals. The purpose of the group homes is to provide for the needs of mentally handicapped individuals in the area of appropriate residential living. The Community Homes receive funding from the United States Department of Health and Human Services, Medical Assistance Program, Title XIX, Medicaid, as administered by the State of Louisiana, Department of Health and Hospitals. The Sabine Association for Retarded Citizens Community Homes division reimburses the Adult Habilitation Program for actual expenses incurred by the program to provide day training and supervision to participating group home residents.

**CASH AND CASH EQUIVALENTS**

Consistent with FASB 95, Statement of Cash Flows, The Sabine Association for Retarded Citizens defines cash and cash equivalents as not only currency on hand but also demand deposits with banks or other financial institutions and other kinds of accounts that have the general characteristics of demand deposits in that the customer may deposit additional funds at any time and also effectively may withdraw funds at any time without prior notice or penalty.

**PROPERTY, BUILDINGS AND EQUIPMENT**

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

SABINE ASSOCIATION FOR RETARDED CITIZENS, INC.  
MANY, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2004

**NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**NET ASSETS**

The Sabine Association for Retarded Citizens has elected to adopt Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations." Under 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.

**PROMISES TO GIVE**

Contributions are recognized when the donor makes a promise to give to the Association that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are reported as increases in temporary or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

**CONTRIBUTIONS**

The Sabine Association for Retarded Citizens has elected to adopt Statement of Financial Accounting Standards (SFAS) No. 116, "Accounting for Contributions Received and Contributions Made." In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

**COMPENSATED ABSENCES**

The Sabine Association for Retarded Citizens employees earn annual and sick leave at various rates depending on the number of years in service. The amount of annual and sick leave that may be accumulated and carried over by each employee is limited to 80 hours. However, there are no vesting privileges. Therefore no liability for compensated absences has been recorded in the accompanying financial statements.

**ESTIMATES**

The preparation of financial statements in conformity with 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.

**INCOME TAXES**

The Sabine Association for Retarded Citizens, Inc., is exempt from income taxes under Internal Revenue Code Section 501(c)(3).

**NOTE 2      RESTRICTIONS ON ASSETS**

Restrictions on assets at June 30, 2004, relate to vans obtained by the Sabine Association for Retarded Citizens through Section 16 of the Federal Transit Act which provides grants for the specific purpose of providing transportation services to elderly and handicapped persons for whom mass transportation services are unavailable, insufficient or inappropriate.

SABINE ASSOCIATION FOR RETARDED CITIZENS, INC.  
MANY, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2004

**NOTE 2      RESTRICTIONS ON ASSETS (CONTINUED)**

The program is administered by the Louisiana Department of Transportation and Development (DOTD). Disposition of the vehicles must have DOTD approval, must be in conformance with the provisions of OMB Circular A-102, Attachment N and a portion of the funds received must be returned to DOTD in proportion to the original percentage of federal funds contributed.

It is the policy of the Association to amortize the asset restriction over its estimated useful life using the straight-line method.

**NOTE 3      CASH**

At June 30, 2004, the Sabine Association for Retarded Citizens had cash totaling \$356,785, as follows:

Petty cash	\$	265
Demand deposit accounts		129,999
Interest bearing accounts		<u>226,521</u>
Total	\$	<u>356,785</u>

At June 30, 2004, the Association had \$393,601 in bank deposits. These deposits were secured from risk by \$200,000 of federal deposit insurance and \$382,356 (market value) of pledged securities held by the custodial banks in the name of the fiscal agent.

**NOTE 4      RECEIVABLES**

At June 30, 2004, the Sabine Association for Retarded Citizens had receivables of the following:

Medicaid	\$	141,571
Department of Health and Hospitals		30,162
Contracts receivable		62,544
Rental		770
Other		<u>9,696</u>
Total	\$	<u>244,743</u>

**NOTE 5      PROPERTY, BUILDINGS AND EQUIPMENT**

All property and equipment are stated at historical cost. Depreciation is charged as an expense against operations and has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Buildings	15-20 years	Furniture and fixtures	7-10 years
Automobiles	5 years	Machinery and equipment	5-7 years

SABINE ASSOCIATION FOR RETARDED CITIZENS, INC.  
MANY, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2004

**NOTE 5      PROPERTY, BUILDINGS AND EQUIPMENT (CONTINUED)**

A summary of the Sabine Association for Retarded Citizens's property and equipment at June 30, 2004, is presented below:

	Cost	Accumulated Depreciation	Net	Depreciation This Year
Land	\$ 101,200	\$ 0	\$ 101,200	\$ 0
Buildings	783,265	316,092	467,173	37,319
Furniture and equipment	267,401	213,041	54,360	17,725
Automobiles	290,218	156,707	133,511	54,837
Total	<u>\$ 1,442,084</u>	<u>\$ 685,840</u>	<u>\$ 756,244</u>	<u>\$ 109,881</u>

The Association's automobiles were partially funded by Urban Mass Transportation Capital Improvement Grants and are subject to the applicable restrictions described in Note 2.

Maintenance and repairs are charged to operations when incurred. Betterments and renewals are capitalized. When property and equipment are sold or otherwise disposed of, the asset account and related accumulated depreciation account are relieved, and any gain or loss is included in activities.

**NOTE 6      ACCOUNTS PAYABLE AND ACCRUALS**

At June 30, 2004, the Sabine Association for Retarded Citizens had accounts payable and accruals of the following:

Vendor	\$ 33,301
Salaries and related benefits	119,039
Other	<u>36,126</u>
Total	<u>\$ 188,466</u>

**NOTE 7      LEASE OBLIGATIONS**

The Sabine Association for Retarded Citizens was not obligated under any capital or operating leases at June 30, 2004.

**NOTE 8      EMPLOYEE RETIREMENT SYSTEM**

All employees of the Sabine Association for Retarded Citizens are protected by the Social Security System. All employees contribute 6.2% of their total salary to the System, while the Association contributes a like amount. For the year ending June 30, 2004, total contributions to the System were \$164,904, of which the Association contributed \$82,452 and employees contributed \$82,452. Total payroll covered by this System for the year ended June 30, 2004 was \$1,329,872. Any future deficits in this System will be financed by the Federal government. The Association has no further liability to the system.

**NOTE 9      LITIGATION**

There was no outstanding litigation against the Sabine Association for Retarded Citizens at June 30, 2004.

SABINE ASSOCIATION FOR RETARDED CITIZENS, INC.  
MANY, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2004

**NOTE 10      STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

The Sabine Association for Retarded Citizens entered into a contract with the State of Louisiana Department of Health and Hospitals, Office for Citizens with Developmental Disabilities to provide adult habilitation services. Transactions of the Association were made in accordance with the requirements contained in Formula Funding and Guidelines for Allowable Costs in Adult Habilitation Services Contracted with the Division of Mental Retardation and Developmental Disabilities. All contract services invoiced under this contract were not recovered under any other contract.

**NOTE 11      RISK MANAGEMENT**

The Sabine Association for Retarded Citizens is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Association maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Association.

**NOTE 12      CLAIMS AND JUDGEMENTS**

The Sabine Association for Retarded Citizens participates in federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Association may be required to reimburse the grantor government. Management believes that disallowed expenditures, if any, based on subsequent audits, will not have a material effect on the Association's overall financial position.

SCHEDULE 1

SABINE ASSOCIATION FOR RETARDED CITIZENS, INC.  
GROUP HOMES  
MANY, LOUISIANA  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2004

<b>ASSETS</b>	
Cash	\$ 136,212
Receivables	148,175
Prepaid expenses	50,420
Deposits	8,976
Property, buildings and equipment, net	<u>543,581</u>
Total Assets	<u>\$ 887,364</u>
 <b>LIABILITIES</b>	
Accounts payable and accruals	<u>\$ 142,865</u>
Total Liabilities	142,865
 <b>NET ASSETS</b>	
Unrestricted	<u>744,499</u>
Total Net Assets	<u>744,499</u>
Total Liabilities and Net Assets	<u>\$ 887,364</u>

The notes to the financial statements are an integral part of this statement.

SCHEDULE 2

SABINE ASSOCIATION FOR RETARDED CITIZENS, INC.  
GROUP HOMES  
MANY, LOUISIANA  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2004

Support	
Medicaid	\$ 1,755,487
Patient liability	81,342
Interest	610
Others	4,783
Intercompany transfers	<u>60,257</u>
Total Revenues, Gains and Other Support	1,902,479
Expenses	
Program services	1,275,151
Management and general	<u>607,988</u>
Total Expenses	<u>1,883,139</u>
Increase/(Decrease) in Net Assets	19,340
NET ASSETS, Beginning of year	<u>725,159</u>
NET ASSETS, End of year	<u>\$ 744,499</u>

The notes to the financial statements are an integral part of this statement.

SABINE ASSOCIATION FOR RETARDED CITIZENS, INC.  
GROUP HOMES  
MANY, LOUISIANA  
STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2004

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 19,340
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	58,419
(Increase)/decrease in operating assets	
Receivables	23,791
Prepaid expenses	(12,121)
Deposits	(26)
Increase/(decrease) in operating liabilities	
Accounts payable and accruals	<u>2,323</u>
Net Cash Provided By/(Used In) Operating Activities	91,726
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of equipment	<u>(52,150)</u>
Net Cash Provided By/(Used In) Investing Activities	(52,150)
CASH FLOWS FROM FINANCING ACTIVITIES	
Principal payments on notes payable	<u>(45,492)</u>
Net Cash Provided By/(Used In) Financing Activities	<u>(45,492)</u>
Net Increase/(Decrease) in Cash	(5,916)
CASH, Beginning of year	<u>142,128</u>
CASH, End of year	<u>\$ 136,212</u>

SABINE ASSOCIATION FOR RETARDED CITIZENS, INC.  
GROUP HOMES  
MANY, LOUISIANA  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2004

	Program Services	Management and General	Total
<b>COMPENSATION AND RELATED EXPENSES</b>			
Employee benefits	\$ 21,061	\$ 7,610	\$ 28,671
Payroll taxes	46,749	20,192	66,941
Salaries	624,561	269,772	894,333
Workman's compensation insurance	<u>23,709</u>	<u>6,498</u>	<u>30,207</u>
Total Compensation and Related Expenses	716,080	304,072	1,020,152
<b>OCCUPANCY EXPENSES</b>			
Depreciation	21,764	6,305	28,069
Insurance	24,520	7,463	31,983
Interest	1,013	0	1,013
Repairs and maintenance	31,066	13,342	44,408
Utilities	<u>31,836</u>	<u>10,629</u>	<u>42,465</u>
Total Occupancy Expenses	110,199	37,739	147,938
<b>TRANSPORTATION EXPENSES</b>			
Depreciation	18,739	5,892	24,631
Fuel and oil	11,907	2,269	14,176
Insurance	9,546	6,822	16,368
Repairs and maintenance	<u>7,639</u>	<u>3,729</u>	<u>11,368</u>
Total Transportation Expenses	47,831	18,712	66,543
<b>OTHER EXPENSES</b>			
Central office expense	0	162,449	162,449
Clothing and other personal items	23,979	0	23,979
Contract services	68,211	2,169	70,380
Depreciation	3,790	1,929	5,719
Dues	0	2,397	2,397
Food	102,746	0	102,746
Insurance	0	17,243	17,243
Licenses	4,590	78	4,668
Other	6,916	1,001	7,917
Postage	0	2,233	2,233
Professional fees	0	26,055	26,055
Provider fees-DHH	143,587	0	143,587
Rent	0	8,285	8,285
Repairs and maintenance	4,698	1,830	6,528
Supplies	39,313	15,698	55,011
Telephone	3,015	5,381	8,396
Training	0	717	717
Travel	<u>196</u>	<u>0</u>	<u>196</u>
Total Other Expenses	401,041	247,465	648,506
Total Functional Expenses	<u>\$ 1,275,151</u>	<u>\$ 607,988</u>	<u>\$ 1,883,139</u>

The notes to the financial statements are an integral part of this statement.

SABINE ASSOCIATION FOR RETARDED CITIZENS, INC.  
ADULT HABILITATION PROGRAM  
MANY, LOUISIANA  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2004

	Supported Individual <u>Living</u>	Adult Day <u>Habilitation</u>	<u>Total</u>
<b>ASSETS</b>			
Cash	\$ 20,981	\$ 170,411	\$ 191,392
Receivables	3,414	29,765	33,179
Deposits	0	800	800
Property, buildings and equipment, net	<u>0</u>	<u>86,476</u>	<u>86,476</u>
Total Assets	<u>\$ 24,395</u>	<u>\$ 287,452</u>	<u>\$ 311,847</u>
<b>LIABILITIES</b>			
Accounts payable	<u>\$ 0</u>	<u>\$ 14,142</u>	<u>\$ 14,142</u>
Total Liabilities	0	14,142	14,142
<b>NET ASSETS</b>			
Unrestricted	24,395	186,834	211,229
Temporarily restricted	<u>0</u>	<u>86,476</u>	<u>86,476</u>
Total Net Assets	<u>24,395</u>	<u>273,310</u>	<u>297,705</u>
Total Liabilities and Net Assets	<u>\$ 24,395</u>	<u>\$ 287,452</u>	<u>\$ 311,847</u>

SABINE ASSOCIATION FOR RETARDED CITIZENS, INC.  
ADULT HABILITATION PROGRAM  
MANY, LOUISIANA  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2004

	<u>Supported Individual Living</u>	<u>Adult Day Habilitation</u>	<u>Total</u>
<b>UNRESTRICTED NET ASSETS</b>			
Support			
Service fees-DHH	\$ 0	\$ 314,405	\$ 314,405
Service fees-group homes	0	325,480	325,480
Supported Independent Living	41,651	0	41,651
Grant-La Depart of Transportation and Development	0	83,670	83,670
Interest	0	665	665
Other	0	9,952	9,952
Net Assets Released from Restrictions			
Federal Transit Administration Sec.16			
Depreciation on restricted vans	<u>0</u>	<u>18,753</u>	<u>18,753</u>
Total Revenues, Gains and Other Support	41,651	752,925	794,576
Expenses			
Program services	200	374,399	374,599
Management and general	13,402	190,480	203,882
Intercompany transfers	<u>18,850</u>	<u>73,513</u>	<u>92,363</u>
Total Expenses	<u>32,452</u>	<u>638,392</u>	<u>670,844</u>
Increase/(Decrease) in Unrestricted Net Assets	9,199	114,533	123,732
<b>TEMPORARILY RESTRICTED NET ASSETS</b>			
Federal Transit Administration Sec. 16			
Current year depreciation	<u>0</u>	<u>(18,753)</u>	<u>(18,753)</u>
Increase/(Decrease) in Temporarily Restricted Net Assets	<u>0</u>	<u>(18,753)</u>	<u>(18,753)</u>
Increase(Decrease) in Net Assets	9,199	95,780	104,979
NET ASSETS, Beginning of year	<u>15,196</u>	<u>177,530</u>	<u>192,726</u>
NET ASSETS, End of year	<u>\$ 24,395</u>	<u>\$ 273,310</u>	<u>\$ 297,705</u>

SABINE ASSOCIATION FOR RETARDED CITIZENS, INC.  
ADULT HABILITATION PROGRAM  
MANY, LOUISIANA  
STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2004

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Change in net assets	\$ 104,979
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	18,974
Gain on sale of assets	(6,000)
(Increase)/Decrease in operating assets	
Receivables	(3,837)
Deposits	20,917
Increase/(decrease) in operating liabilities	
Accounts payable and accruals	(11,254)
Net Cash Provided By/(Used In) Operating Activities	<u>123,779</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Proceeds from sale of assets	6,000
Purchase of equipment	<u>(104,696)</u>
Net Cash Provided By/(Used In) Investing Activities	(98,696)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Intercompany transfers	<u>8,117</u>
Net Cash Provided By/(Used In) Financing Activities	<u>8,117</u>
Net Increase/(Decrease) in Cash	33,200
CASH, Beginning of year	<u>158,192</u>
CASH, End of year	<u>\$ 191,392</u>

SABINE ASSOCIATION FOR RETARDED CITIZENS, INC.  
ADULT HABILITATION PROGRAM  
MANY, LOUISIANA  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2004

	<u>Program Services</u>			<u>Management and General</u>	<u>Total</u>
	<u>Supported Individual Living</u>	<u>Adult Day Habilitation</u>	<u>Program Services</u>		
<b>COMPENSATION AND RELATED EXPENSES</b>					
Employee benefits	\$ 0	\$ 10,072	\$ 10,072	\$ 1,794	\$ 11,866
Payroll taxes	0	19,723	19,723	407	20,130
Salaries	0	275,567	275,567	7,423	282,990
Workman's compensation insurance	0	19,832	19,832	534	20,366
Total Compensation and Related Expenses	0	325,194	325,194	10,158	335,352
<b>TRANSPORTATION EXPENSES</b>					
Depreciation	0	18,974	18,974	0	18,974
Fuel and oil	0	16,014	16,014	0	16,014
Insurance	0	7,355	7,355	0	7,355
Repairs and maintenance	0	5,536	5,536	0	5,536
Total Transportation Expenses	0	47,879	47,879	0	47,879
<b>OTHER EXPENSES</b>					
Central office expense	0	0	0	186,111	186,111
Contract services	0	1,326	1,326	0	1,326
License	200	0	200	0	200
Other	0	0	0	1,260	1,260
Professional fees	0	0	0	4,970	4,970
Telephone	0	0	0	1,383	1,383
Total Other Expenses	200	1,326	1,526	193,724	195,250
<b>Total Functional Expenses</b>	<b>\$ 200</b>	<b>\$ 374,399</b>	<b>\$ 374,599</b>	<b>\$ 203,882</b>	<b>\$ 578,481</b>

SABINE ASSOCIATION FOR RETARDED CITIZENS, INC.  
SHELTERED WORKSHOP  
MANY, LOUISIANA  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2004

	Rental Building	Mobile Crew	Sabine Car Care	Sabine Production Center	Woodshop	Total
<b>ASSETS</b>						
Cash	\$ 0	\$ 0	\$ 65	\$ 29,116	\$ 0	\$ 29,181
Accounts receivable	770	8,675	1,302	36,725	15,917	63,389
Inventory	0	0	1,279	8,213	17,419	26,911
Prepaid expenses	0	0	0	68	0	68
Deposits	125	0	310	0	330	765
Property, buildings and equip., net	<u>40,842</u>	<u>41,825</u>	<u>17,189</u>	<u>40</u>	<u>26,291</u>	<u>126,187</u>
Total Assets	<u>\$ 41,737</u>	<u>\$ 50,500</u>	<u>\$ 20,145</u>	<u>\$ 74,162</u>	<u>\$ 59,957</u>	<u>\$ 246,501</u>
<b>LIABILITIES</b>						
Accounts payable and accruals	\$ 1,154	\$ 5,032	\$ 3,027	\$ 11,933	\$ 10,313	\$ 31,459
Total Liabilities	1,154	5,032	3,027	11,933	10,313	31,459
<b>NET ASSETS</b>						
Unrestricted	<u>40,583</u>	<u>45,468</u>	<u>17,118</u>	<u>62,229</u>	<u>49,644</u>	<u>215,042</u>
Total Net Assets	<u>40,583</u>	<u>45,468</u>	<u>17,118</u>	<u>62,229</u>	<u>49,644</u>	<u>215,042</u>
Total Liabilities and Net Assets	<u>\$ 41,737</u>	<u>\$ 50,500</u>	<u>\$ 20,145</u>	<u>\$ 74,162</u>	<u>\$ 59,957</u>	<u>\$ 246,501</u>

SCHEDULE 10

SABINE ASSOCIATION FOR RETARDED CITIZENS, INC.  
SHELTERED WORKSHOP  
 MANY, LOUISIANA  
 STATEMENT OF ACTIVITIES  
 YEAR ENDED JUNE 30, 2004

	<u>Rental Building</u>	<u>Mobile Crew</u>	<u>Sabine Car Care</u>	<u>Sabine Production Center</u>	<u>Woodshop</u>	<u>Total</u>
<b>UNRESTRICTED NET ASSETS</b>						
Support						
Contract work	0	\$ 100,089	\$ 55,775	\$ 342,712	\$ 98,541	\$ 597,117
Rentals	13,800	0	0	0	0	13,800
Other	2,040	150	0	783	327	3,300
Intercompany transfers	0	48,145	8,648	21,557	0	78,350
Total Revenues, Gains, and Other Support	<u>15,840</u>	<u>148,384</u>	<u>64,423</u>	<u>365,052</u>	<u>98,868</u>	<u>692,567</u>
Expenses						
Program services	11,463	151,853	63,236	320,265	117,356	664,173
Management and general	1,340	1,556	2,973	7,108	2,665	15,642
Intercompany transfers	5,838	0	0	0	40,406	46,244
Total Expenses	<u>18,641</u>	<u>153,409</u>	<u>66,209</u>	<u>327,373</u>	<u>160,427</u>	<u>726,059</u>
Increase/(Decrease) in Net Assets	(2,801)	(5,025)	(1,786)	37,679	(61,559)	(33,492)
NET ASSETS, Beginning of year	<u>43,384</u>	<u>50,493</u>	<u>18,904</u>	<u>24,550</u>	<u>111,203</u>	<u>248,534</u>
NET ASSETS, End of year	<u>\$ 40,583</u>	<u>\$ 45,468</u>	<u>\$ 17,118</u>	<u>\$ 62,229</u>	<u>\$ 49,644</u>	<u>\$ 215,042</u>

The notes to the financial statements are an integral part of this statement.

SABINE ASSOCIATION FOR RETARDED CITIZENS, INC.  
MANY, LOUISIANA  
SHELTERED WORKSHOP  
STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2004

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Change in net assets	\$ (33,492)
Adjustments to reconcile change in net assets to net cash provided by/(used in) operating activities	
Depreciation	32,488
Bad debt expense	597
(Increase)/decrease in operating assets	
Receivables	6,144
Inventory	37,829
Prepaid expenses	(68)
Increase/(decrease) in operating liabilities	
Accounts payable and accruals	(4,310)
Net Cash Provided By/(Used In) Operating Activities	<u>39,188</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchase of equipment	<u>(9,462)</u>
Net Cash Provided By/(Used In) Investing Activities	(9,462)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Intercompany transfers	<u>(8,117)</u>
Net Cash Provided By/(Used In) Financing Activities	<u>(8,117)</u>
Net Increase/(Decrease) in Cash	21,609
CASH, Beginning of year	<u>7,572</u>
CASH, End of year	<u>\$ 29,181</u>

SABINE ASSOCIATION FOR RETARDED CITIZENS, INC.  
MANY, LOUISIANA

SHELTERED WORKSHOP

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2004

	PROGRAM SERVICES							Total
	Rental Building	Mobile Crew	Sabine Car Care	Sabine Production Center	Woodshop	Program Services	Management and General	
<b>COMPENSATION RELATED EXPENSES</b>								
Payroll taxes	\$ 0	\$ 5,650	\$ 1,484	\$ 2,954	\$ 1,606	\$ 11,694	\$ 0	\$ 11,694
Salaries	0	73,855	19,402	38,292	21,000	152,549	0	152,549
Workman's compensation insurance	0	4,651	982	2,761	2,294	10,688	0	10,688
Total Compensation and Related Expenses	0	84,156	21,868	44,007	24,900	174,931	0	174,931
<b>OCCUPANCY EXPENSES</b>								
Depreciation	3,843	0	1,435	0	3,972	9,250	0	9,250
Insurance	2,487	526	1,256	0	3,987	8,256	0	8,256
Property taxes	1,105	227	86	444	2,229	4,091	0	4,091
Repairs and maintenance	753	0	922	0	420	2,095	0	2,095
Utilities	3,275	0	4,765	124	4,265	12,429	0	12,429
Total Occupancy Expenses	11,463	753	8,464	568	14,873	36,121	0	36,121
<b>TRANSPORTATION EXPENSES</b>								
Depreciation	0	8,723	0	0	2,509	11,232	0	11,232
Fuel and oil	0	13,556	0	0	916	14,472	0	14,472
Insurance	0	6,009	0	0	1,502	7,511	0	7,511
Repairs and maintenance	0	5,826	0	0	200	6,026	0	6,026
Total Transportation Expenses	0	34,114	0	0	5,127	39,241	0	39,241
<b>OTHER EXPENSES</b>								
Bad debt	0	0	0	597	0	597	0	597
Central office expense	0	0	0	0	0	0	9,348	9,348
Client recreation	0	0	0	1,467	0	1,467	0	1,467
Commissions	0	0	0	11,934	2,223	14,157	0	14,157
Contract services	\$ 0	\$ 0	\$ 69	\$ 0	\$ 3,570	\$ 3,639	\$ 0	\$ 3,639

The notes to the financial statements are an integral part of this statement.

SABINE ASSOCIATION FOR RETARDED CITIZENS, INC.  
MANY, LOUISIANA  
 SHELTERED WORKSHOP  
 STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)  
 FOR THE YEAR ENDED JUNE 30, 2004

	PROGRAM SERVICES							Total
	Rental Building	Mobile Crew	Sabine Car Care	Sabine Production Center	Woodshop	Program Services	Management and General	
OTHER EXPENSES (CONTINUED)								
Depreciation	\$ 0	\$ 8,140	\$ 628	\$ 68	\$ 3,170	\$ 12,006	\$ 0	\$ 12,006
Dues	0	0	0	0	0	0	174	174
Food	0	7,249	2,445	8,497	5,136	23,327	0	23,327
Insurance	0	0	0	0	0	0	128	128
License	0	0	148	0	0	148	0	148
Materials	0	0	0	252,083	56,332	308,415	0	308,415
Other	0	0	122	0	39	161	0	161
Professional fees	0	0	0	0	0	0	2,885	2,885
Repairs and maintenance	0	13,899	653	392	1,376	16,320	0	16,320
Supplies	0	3,542	28,839	652	610	33,643	1,287	34,930
Telephone	0	0	0	0	0	0	1,638	1,638
Travel	0	0	0	0	0	0	182	182
Total Other Expenses	0	32,830	32,904	275,690	72,456	413,880	15,642	429,522
Total Functional Expenses	\$ 11,463	\$ 151,853	\$ 63,236	\$ 320,265	\$ 117,356	\$ 664,173	\$ 15,642	\$ 679,815

The notes to the financial statements are an integral part of this statement.

SABINE ASSOCIATION FOR RETARDED CITIZENS, INC.  
MANY, LOUISIANA  
SCHEDULE OF COMPENSATION TO BOARD MEMBERS  
FOR THE YEAR ENDED JUNE 30, 2004

<u>BOARD MEMBER</u>	<u>Meetings Attended</u>	<u>Compensation</u>
Pete Abington	6	\$ 0
Welton Anthony	3	0
Linda Ebarb	6	0
Carla Garner	6	0
Katherine Green	5	0
Mary Hariel	3	0
Gene Hubley	6	0
Anna Lites	5	0
Gloria Ruffin	4	0
Marguerite Spears	5	\$ 0

# HINES, JACKSON & HINES, L.L.C.

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## REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors  
Sabine Association for Retarded Citizens, Inc.  
Many, Louisiana 71449

We have audited the financial statements of the Sabine Association for Retarded Citizens, Inc., as of and for the year ended June 30, 2004, and have issued our report thereon dated December 23, 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 the Sabine Association for Retarded Citizens' 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 the Sabine Association for Retarded Citizens' 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 misstatement 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 solely for the information and use of the Sabine Association for Retarded Citizens' management and the Legislative Auditor of the State of Louisiana and is not intended to be, and should not be, used by anyone other than the specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.*

### ***Hines, Jackson & Hines***

Natchitoches, Louisiana  
December 23, 2004

SABINE ASSOCIATION FOR RETARDED CITIZENS, INC.  
MANY, LOUISIANA  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED  
JUNE 30, 2004

<u>Ref. No.</u>	<u>Fiscal Year Finding Initially Occurred</u>	<u>Description of Finding</u>	<u>Corrective Action Taken (Yes, No, Partially)</u>	<u>Planned Corrective Action/Partial Corrective Action Taken</u>
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Nothing came to our attention that would require disclosure under Government Auditing Standards.

SABINE ASSOCIATION FOR RETARDED CITIZENS, INC.  
MANY, LOUISIANA  
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED  
JUNE 30, 2004

<u>Ref. No.</u>	<u>Description of Finding</u>	<u>Correct Action Planned</u>	<u>Name(s) of Contact Person(s)</u>	<u>Anticipated Completion Date</u>
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Nothing came to our attention that would require disclosure under Government Auditing Standards.