



**LIVINGSTON ACTIVITY CENTER, INC.
WALKER, LOUISIANA**

**General Purpose Financial Statements
and Independent Auditor's Reports**

**As of and for the years Ended June 30, 2004 and 2003
With Supplemental Information Schedules**

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 1-26-05

**LIVINGSTON ACTIVITY CENTER
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INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors of the
Livingston Activity Center, Inc.
Walker, Louisiana**

I have audited the accompanying balance sheets of the **Livingston Activity Center, Inc.** (a nonprofit organization), Walker, Louisiana, as of June 30, 2004 and 2003, and the related statements of revenues, expenses and changes in net assets and the statements of cash flows for the years then ended. These financial statements are the responsibility of the Association's management. My responsibility is to express an opinion on these financial statements based on my audits.

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

In my opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of **Livingston Activity Center, Inc.**, as of June 30, 2004 and 2003, and the results of its operations and changes in financial position and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with United States *Government Auditing Standards*, I have also issued a report dated December 30, 2004, on my consideration of the **Livingston Activity Center, Inc.**'s internal control structure and a report dated December 30, 2004 on its compliance with laws and regulations.

Leroy J. Chustz

Certified Public Accountant, APAC
December 30, 2004

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

**Livingston Activity Center, Inc.
Walker, Louisiana**

I have audited the financial statements of **Livingston Activity Center, Inc.**, as of June 30, 2004 and 2003, and have issued my report thereon dated December 30, 2004. I conducted my audits in accordance with generally accepted auditing 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 **Livingston Activity Center, Inc's.**, financial statements are free of material misstatement, I performed tests of 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing my audits, I considered **Livingston Activity Center, Inc's.**, internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My 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. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended solely for the information and use of the Management of **Livingston Activity Center, Inc.**, Legislative Auditor and Federal Awarding Agencies and pass through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a public record and its distribution is not limited.

Leroy J. Chustz

Certified Public Accountant, APAC
December 30, 2004

LIVINGSTON ACTIVITY CENTER, INC.
STATEMENT OF FINANCIAL ACTIVITIES
As of the Year Ended June 30, 2004

	<u>2004</u>	<u>2003</u>
Current Assets		
Cash and Cash Equivalents	\$ 127,847.78	\$ 123,826.46
Certificate of Deposit (with original maturities in excess of three months)	428,072.74	417,003.56
State Contracts receivables	35,223.59	31,717.96
Revenue receivable	12,919.86	15,601.90
Security deposit	<u>1,132.00</u>	<u>1,132.00</u>
Total Current Assets	<u>605,195.97</u>	<u>589,281.88</u>
Fixed Assets		
Property, Plant and Facilities	<u>81,797.98</u>	<u>105,907.84</u>
Total Property, Plant, and Equipment (Net)	<u>81,797.98</u>	<u>105,907.84</u>
TOTAL ASSETS	<u>686,993.95</u>	<u>695,189.72</u>
Current Liabilities		
Accounts Payable	3,033.73	10,346.47
Salaries & related payable	<u>17,282.50</u>	<u>5,559.67</u>
Total Current Liabilities	<u>20,316.23</u>	<u>15,906.14</u>
Net Assets		
Investment in Fixed Assets - Net of Related Debt	81,798.21	105,907.84
Unrestricted Net Assets	584,879.51	573,375.74
Current Year's RE	<u>666,677.72</u>	<u>679,283.58</u>
Total Net Assets	<u>666,677.72</u>	<u>679,283.58</u>
TOTAL LIABILITIES & NET ASSETS	<u>\$ 686,993.95</u>	<u>\$ 695,189.72</u>

The accompanying notes are an integral part of this statement

LIVINGSTON ACTIVITY CENTER, INC.
STATEMENT OF ACTIVITIES
For the Years Ended June 30, 2004 and 2003

	2004	2003
Support & Revenue:		
State Grants	\$ 220,764.00	\$ 204,281.00
Provider Contracts	80,424.00	87,566.00
United Way	21,700.00	21,699.99
Interest	7,392.29	8,242.36
Membership Dues	63.00	297.00
Self-Generated	108,342.06	86,395.68
Donations & Fund-raising	12,289.61	5,188.67
Other	113,603.05	85,791.86
Total Support & Revenues	564,578.01	499,462.56
Expenses:		
Salaries, wages & benefits	343,060.10	353,785.83
Client payroll & training	65,669.37	64,782.01
Operating expenses	96,250.08	82,846.46
Supplies for activities		5,326.67
Travel & transportation	20,096.52	24,535.29
Self generated program expenses	24,367.62	21,950.49
Depreciation expense	27,323.83	30,197.96
Training expense		2,813.00
Other	416.35	1,352.24
Total Expense	577,183.87	587,589.95
Operating Income (Loss)	(12,605.86)	(88,127.39)
NET INCOME (LOSS)	(12,605.86)	(88,127.39)
NET ASSETS AT BEGINNING OF YEAR	679,283.58	770,380.97
NET ASSET ADJUSTMENT (Note 8)	0.00	(2,970.00)
NET ASSETS AT END OF YEAR	\$ 666,677.72	\$ 679,283.58

The accompanying notes are an integral part of this statement.

LIVINGSTON ACTIVITY CENTER, INC.
STATEMENT OF CASHFLOWS
For the Years Ended June 30, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Operating Activities		
Change in net assets:	\$ (12,605.86)	\$ (88,127.39)
Adjustment to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	27,323.83	30,197.97
Receivables	(823.59)	(36,716.20)
Accounts payable	(7,312.74)	9,635.52
Accrued Liabilities	<u>11,722.83</u>	<u>0.00</u>
Net cash used by operating activities	<u>18,304.47</u>	<u>(85,010.10)</u>
Investing Activities		
Purchase of equipment		(1,112.84)
Purchase of investments		(2,877.79)
Purchases of fixed assets	<u>(3,213.97)</u>	<u> </u>
Net cash used by investing activities	<u>(3,213.97)</u>	<u>(3,990.63)</u>
Financing Activities		
Redemption of Certificates of Deposit	<u>(11,069.18)</u>	<u>0.00</u>
Net cash used in financing activities	<u>(11,069.18)</u>	<u>0.00</u>
Net increase (decrease) in cash & cash equivalents	<u>4,021.32</u>	<u>(89,000.73)</u>
Cash & cash equivalents at beginning of year	<u>123,826.46</u>	<u>212,827.19</u>
Cash & Cash Equivalents at end of year	<u>\$ 127,847.78</u>	<u>\$ 123,826.46</u>

The accompanying notes are an integral part of this statement.

LIVINGSTON ACTIVITY CENTER, INC.
Notes to the Financial Statements
For the Years Ended June 30, 2004 and 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies followed in the preparation of the financial statements. These policies conform to generally accepted accounting principles and have been applied in the preparation of the financial statements. The Association provides occupational and educational services to mentally challenged persons.

A. ACCOUNTING BASIS

Assets and liabilities, and revenues and expenses are recognized on the accrual basis of accounting, except for income from certificates of deposit, which is recorded when received and which closely approximates the accrual method of accounting.

B. PROPERTY AND EQUIPMENT

Land, buildings, and equipment are stated at cost except as explained below. Depreciable assets are being depreciated over their estimated useful lives ranging from three to forty years, using the straight-line method. Interest is not capitalized on fixed assets.

Donated materials, equipment, and services have not been reflected in the financial statements because there is no objective basis available to measure the value of such contributions. Nevertheless, a substantial number of volunteers and contributors donate significant amounts to the association.

C. INCOME TAXES

The association is exempt from income taxes under IRC 501(C)(3) as a nonprofit corporation and, accordingly, the financial statements do not reflect a provision for income taxes.

D. COMPENSATED ABSENCES

No provision has been made for compensated absences because the association's policy does not allow the employees to carry unused leave to the next fiscal year.

2. CASH AND CASH EQUIVALENTS

Cash includes cash, demand deposits, interest bearing demand deposits and certificates of deposit.

Livingston Activity Center, Inc.
Notes to the Financial Statements
For the Years Ended June 30, 2004 and 2003

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or by the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Deposits (bank balances) at June 30, 2004 and 2003 are secured as follows:

	<u>June 30</u>	
	<u>2004</u>	<u>2003</u>
Demand deposits	\$ 32,463.95	\$ 31,249.01
Interest bearing demand deposits	106,572.54	102,145.32
Certificates of deposit	428,072.74	417,003.56
Total bank balances	<u>\$ 567,109.23</u>	<u>\$ 550,397.89</u>
Federal deposit insurance	200,000.00	100,000.00
Pledged securities	478,998.44	748,327.81
Total securities and insurance	<u>\$ 678,998.44</u>	<u>\$ 848,327.81</u>
Unsecured bank balances	<u>\$ 0</u>	<u>\$ 0</u>

3. RECEIVABLES

Receivables at June 30, 2004 and 2003 consisted of the following:

	<u>June 30</u>	
	<u>2004</u>	<u>2003</u>
Accounts receivable - Providers	\$ 12,345.60	\$ 10,728.25
Interest Receivable	574.25	4,873.65
State contract - Revenue receivable	35,223.59	31,717.96
Total Receivables	<u>\$ 48,143.44</u>	<u>\$ 47,319.86</u>

Livingston Activity Center, Inc.
Notes to the Financial Statements
For the Years Ended June 30, 2004 and 2003

Based on past experience, management believes that the above amounts are entirely collectible, therefore, no provision for uncollectible amounts has been established.

4. CHANGES IN FIXED ASSETS

The following is a summary of changes in fixed assets:

	BALANCE			BALANCE
	07/01/02	ADDITIONS	DELETIONS	06/30/03
Furniture, fixtures, and equipment	\$ 42,729.45	\$ 1,112.84	\$ 0	\$ 43,842.29
Vans and buses	175,959.60	0	0	175,959.60
Buildings and improvements	<u>82,073.95</u>	<u>0</u>	<u>0</u>	<u>82,073.95</u>
Investment in property and equipment	<u>\$ 300,763.00</u>	<u>\$ 1,112.84</u>	<u>\$ 0</u>	<u>\$ 301,875.84</u>
Less accumulated depreciation				<u>\$ 195,968.00</u>
Property and equipment net of accumulated depreciation				<u>\$ 105,907.84</u>
	BALANCE			BALANCE
	07/01/03	ADDITIONS	DELETIONS	06/30/04
Furniture, fixtures, and equipment	\$ 43,842.29	\$ 3,213.97	\$ (5,453.25)	\$ 41,603.01
Vans and buses	175,959.60		(13,844.40)	162,115.20
Buildings and improvements	<u>82,073.95</u>	<u></u>	<u></u>	<u>82,073.95</u>
Investments in property and equipment	<u>\$ 301,875.84</u>	<u>\$ 3,213.97</u>	<u>\$ (19,297.65)</u>	<u>\$ 285,792.16</u>
Less accumulated depreciation				<u>\$(203,994.18)</u>
Property and equipment net of accumulated depreciation				<u>\$ 81,797.98</u>

Livingston Activity Center, Inc.
Notes to the Financial Statements
For the Years Ended June 30, 2004 and 2003

5. COMMITMENTS AND CONTINGENCIES

The association receives a substantial amount of its support for its programs of providing day services and occupational therapy to retarded persons, from state government and local grants. These grants required the association to furnish rehabilitation services to clients to be reimbursed at an amount stipulated in each contract. A significant reduction in the level of this support, if it were to occur, may have an effect on programs and activities.

6. CHANGES IN ACCOUNTING PROCEDURE

In fiscal year 1995-1996, the Association elected to adopt SFAS Number 117, *Financial Statements of Not-For-Profit Organizations*. Under SFAS Number 117, an organization is required to report information regarding their financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. As permitted by this Statement, the Association has discontinued its use of fund accounting and has, accordingly, reclassified its financial statements to present the required classes of net assets for the current fiscal year. The Association has no temporarily or permanently restricted net assets.

7. NET ASSET DESIGNATION

At its February 21, 2001 meeting, the Board of Directors designated \$700,000.00 of net assets for the future replacement of the existing physical plant of the activity center. However, at June 30, 2004, the Association had an investment in fixed assets of \$ 81,798.21, which allows for only \$ 584,879.51 to be designated for future building replacement.

ADDITIONAL INFORMATION

INDEPENDENT AUDITOR'S REPORT ON ADDITIONAL INFORMATION

**To the Board of Directors of the
Livingston Activity Center, Inc.
Walker, Louisiana**

My report on my audits of the basic financial statements of the **Livingston Activity Center, Inc.** for June 30, 2004 and 2003 appears on page three. I conducted my audits in accordance with generally accepted auditing standards for the purpose of forming an opinion on the basic financial statements taken as a whole. The additional information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Leroy J. Chustz

Certified Public Accountant, APAC
December 30, 2004

LIVINGSTON ACTIVITY CENTER, INC.
Walker, Louisiana
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2004

I have audited the financial statements of Livingston Activity Center, Inc. as of and for the year ended June 30, 2004, and have issued my report thereon dated December 30, 2004. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My audit of the financial statements as of June 30, 2004 resulted in an unqualified opinion.

Section I Summary of Auditor's Reports

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses Yes No Reportable Conditions Yes No

Compliance Material to Financial Statements Yes No

b. Federal Awards

c. Internal Control

Material Weaknesses Yes No Reportable Conditions Yes No

Type of Opinion On Compliance Unqualified Qualified
For Major Programs Disclaimer Adverse

Are their findings required to be reported in accordance with Circular A-133, Section .510(a)?
 Yes No

Identification of Major Programs:

CFDA Number(s) Name of Federal Program (or Cluster)

Not applicable

Dollar threshold used to distinguish between Type A and Type B Programs:

\$ N/A

Is the auditee a 'low-risk' auditee, as defined by OMB Circular A-133? Yes No

Livingston Activity Center, Inc.
Schedule of Findings and Questioned Costs, Continued
For the Year Ended June 30, 2004

Section II Financial Statement Findings

Current Year Findings

No Reportable Findings

Prior Year Findings

No Reportable Findings

Section III Federal Award Findings and Questioned Costs

No Reportable Findings

Leroy J. Chutz

Certified Public Accountant, APAC
December 30, 2004

LIVINGSTON ACTIVITY CENTER, INC.

Walker, Louisiana

SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

For the Year Ended June 30, 2004

SECTION I-Internal Control and Compliance Material to the Financial Statements:

Ref. No.	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken (Yes, No, Partially)	Planned Corrective Action/Partial Corrective Action Taken	Additional Explanation
None					

SECTION II-Internal Control and Compliance Material to the Federal Awards:

No Reportable Findings

SECTION III-Management Letter:

No Reportable Findings

Leroy J. Chutz

Certified Public Accountant, APAC

December 30, 2004

LIVINGSTON ACTIVITY CENTER, INC.

Walker, Louisiana

MANAGEMENT'S CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS

For the Year Ended June 30, 2004

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

Ref. No.	Description of Finding	Corrective Action Planned	Name(s) of Contact Person(s)	Anticipated Completion Date
None				

Section II-Internal Control and Compliance Material to Federal Awards:

No Reportable Findings

Section III-Management Letter:

No Reportable Findings

Leroy J. Chustz

Certified Public Accountant, APAC

December 30, 2004