

REPORT
ST. TAMMANY GUIDANCE CENTER
LAKE HOUSE
JUNE 30, 2004 AND 2003

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.

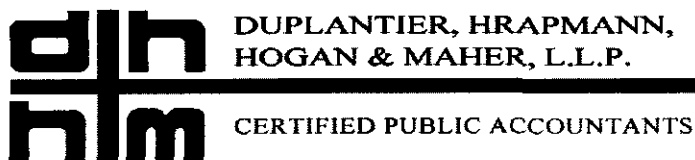
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ST. TAMMANY GUIDANCE CENTER
LAKE HOUSE

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JUNE 30, 2004 AND 2003

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MEMBERS
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INDEPENDENT AUDITORS' REPORT

December 7, 2004

Board of Directors
St. Tammany Guidance Center -
Lake House
1912 Jefferson St.
Mandeville, LA 70448

We have audited the accompanying statements of financial position of St. Tammany Guidance Center - Lake House (Lake House), a non-profit organization, as of June 30, 2004 and 2003, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of Lake House's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 audits provide 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 Guidance Center - Lake House as of June 30, 2004 and 2003, and the changes in its net assets and its cash flows for the fiscal years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with the *Government Auditing Standards* we have also issued our report dated December 7, 2004 on our consideration of Lake House'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.

DuPlantier, Hrapmann, Hogan & Maher, LLP

ST. TAMMANY GUIDANCE CENTER
LAKE HOUSE
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2004 AND 2003

	<u>2004</u>	<u>2003</u>
<u>ASSETS</u>		
Cash	\$ 15,080	\$ 38,132
Cash-restricted (Note 1)	13,563	-
Certificates of deposit	-	13,333
Accounts receivable (Note 2)	45,546	79,978
Prepaid expenses and deposits	1,270	6,381
Property and equipment, net of accumulated depreciation (Note 3)	<u>23,448</u>	<u>30,274</u>
TOTAL ASSETS	\$ <u>98,907</u>	\$ <u>168,098</u>
<u>LIABILITIES AND NET ASSETS</u>		
Accounts payable	\$ 3,608	\$ 10,031
Payroll taxes withheld and accrued	494	3,323
Accrued expenses	880	9,608
Loan payable	-	8,084
Note payable (Note 4)	-	7,578
Funds held for others (Note 1)	<u>13,563</u>	<u>-</u>
Total liabilities	18,545	38,624
Unrestricted net assets	<u>80,362</u>	<u>129,474</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>98,907</u>	\$ <u>168,098</u>

See accompanying notes.

ST. TAMMANY GUIDANCE CENTER
LAKE HOUSE
STATEMENTS OF ACTIVITIES
FOR THE FISCAL YEARS ENDED JUNE 30, 2004 AND 2003

	<u>2004</u>	<u>2003</u>
Public Support and Revenues:		
Public Support	\$ 1,492	\$ 2,590
Fees from state contracts	470,770	556,234
Fees from service contracts	37,686	41,151
Other revenue	<u>8,580</u>	<u>9,230</u>
 Total public support and revenues	 <u>518,528</u>	 <u>609,205</u>
Expenses:		
Lake House	167,081	159,089
Supported Employment	22,315	6,906
STAR	24,860	23,270
Drop-In Center	22,462	23,665
Carroll Street	117,691	106,886
Hummingbird	49,375	39,558
Thrift Store	8,776	-
Work Crew	10,161	12,745
Wren Way	132,957	189,476
Other	<u>11,962</u>	<u>11,890</u>
 Total expenses	 <u>567,640</u>	 <u>573,485</u>
 Increase (decrease) in net assets	 (49,112)	 35,720
 Net assets, beginning of year	 <u>129,474</u>	 <u>93,754</u>
 Net assets, end of year	 <u>\$ 80,362</u>	 <u>\$ 129,474</u>

See accompanying notes.

ST. TAMMANY GUIDANCE CENTER
LAKE HOUSE
STATEMENTS OF CASH FLOWS
FOR THE FISCAL YEARS ENDED JUNE 30, 2004 AND 2003

	<u>2004</u>	<u>2003</u>
Cash Flows from Operating Activities:		
Increase(decrease) in net assets	\$ (49,112)	\$ 35,720
Adjustments to reconcile increase (decrease) in net assets to net cash (provided) used by operations:		
Depreciation	11,962	11,890
Interest income added to certificate of deposit	-	(371)
Changes in operating assets and liabilities:		
Accounts receivable	34,432	4,441
Prepaid expenses	5,111	(2,302)
Accounts payable	(6,423)	5,305
Payroll taxes withheld and accrued	(2,829)	(2,941)
Accrued expenses	(8,728)	1,473
Funds held for others	<u>13,563</u>	<u>-</u>
Net cash provided (used) by operations	<u>(2,024)</u>	<u>53,215</u>
Cash Flows from Investing Activities:		
Proceeds from withdrawal of certificates of deposit	13,333	-
Purchase of property and equipment	<u>(5,136)</u>	<u>(22,813)</u>
Net cash provided (used) by investing activities	<u>8,197</u>	<u>(22,813)</u>
Cash Flows from Financing Activities:		
Proceeds from loan	-	13,409
Repayment of loans	<u>(15,662)</u>	<u>(10,504)</u>
Net cash provided (used) by financing activities	<u>(15,662)</u>	<u>2,905</u>
Net increase (decrease) in cash	(9,489)	33,307
Cash, beginning of year	<u>38,132</u>	<u>4,825</u>
Cash, end of year	<u>\$ 28,643</u>	<u>\$ 38,132</u>

See accompanying notes.

ST. TAMMANY GUIDANCE CENTER
LAKE HOUSE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004 AND 2003

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES:

ORGANIZATION

The Board of Directors of St. Tammany Guidance Center formed Lake House (the Center) to fulfill a community need. Lake House is organized as a psychosocial rehabilitation clubhouse, and is part of a nonprofit organization. This audit is for Lake House only as a separate operation and not for St. Tammany Guidance Center as a whole.

SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accounting records are kept on a cash basis throughout the year and converted to the accrual basis at year-end for the purpose of issuance of these financial statements.

Economic Dependence /Going Concern Considerations

During the current year, Lake House has experienced a significant decrease in net assets. Lake House is significantly funded through contracts with the State of Louisiana for services it provides to mentally ill clients. Small amounts are received as contributions and no large fundraisers are planned for the near future. Should the State of Louisiana cut funding for such services, Lake House would probably be forced to discontinue its operations. In an effort to mitigate the effect of declining fees from state contracts, Lake House is searching for alternative sources of revenue and reviewing expenses for possible reduction. The ability of Lake House to continue as a going concern is dependent on the success of these actions. The financial statements do not include any adjustments that might be necessary should Lake House be unable to continue as a going concern.

Property and Equipment

Property and equipment are carried at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in income for the period. The cost of maintenance and repairs is charged to expense as incurred; significant renewals and betterments are capitalized.

Certain equipment purchased under agreements with the State of Louisiana remains the property of St. Tammany Guidance Center for the period of the agreement under which it was purchased and for any future periods under which the same services are provided by St. Tammany Guidance Center. By agreement, equipment so purchased reverts to the State of Louisiana upon termination of such contracted services.

ST. TAMMANY GUIDANCE CENTER
LAKE HOUSE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004 AND 2003

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Income Taxes

Lake House has been granted tax-exempt status as provided by Section 501(c)(3) of the Internal Revenue Code.

Statement of Cash Flows

For purposes of the statement of cash flows, Lake House considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

During 2004 and 2003, Lake House paid interest and income taxes as follows:

	<u>2004</u>	<u>2003</u>
Interest	\$ 7,030	\$ 3,266
Income taxes	--	--

Cash-Restricted

Cash is restricted in the amount of the funds held for clients of Lake House.

Use of Estimates

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

2. ACCOUNTS RECEIVABLE:

The accounts receivable are due from the contracts with the State of Louisiana for services provided through June 30, 2004 and 2003. All receivables are expected to be collected in a timely manner. The accounts receivable balance consists of the following:

	<u>2004</u>	<u>2003</u>
Louisiana:		
Department of Health and Hospitals	\$ <u>45,546</u>	\$ <u>79,978</u>

ST. TAMMANY GUIDANCE CENTER
LAKE HOUSE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004 AND 2003

3. PROPERTY AND EQUIPMENT:

There were \$5,136 of additions and \$-0- of retirements of property and equipment during the fiscal year ended June 30, 2004. Depreciation is calculated using the straight-line method over a useful life of five to twelve years. Property and equipment consist of the following:

	<u>Costs</u>	<u>Depreciation Expense</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Vans	\$ 47,219	\$ 9,444	\$ 31,315	\$ 15,904
Furniture and fixtures	11,881	316	10,580	1,301
Equipment	<u>67,179</u>	<u>2,202</u>	<u>60,936</u>	<u>6,243</u>
Balance, June 30, 2004	<u>\$ 126,279</u>	<u>\$11,962</u>	<u>\$ 102,831</u>	<u>\$ 23,448</u>

4. NOTE PAYABLE:

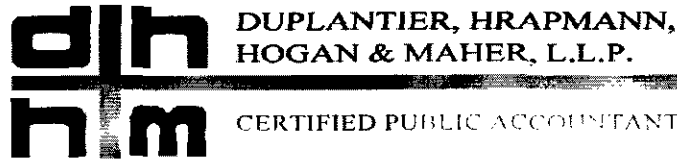
The note payable to Parish National Bank originated October 12, 1999 in the amount of \$24,856. The proceeds were used to purchase a vehicle to transport clients. The security pledged for the note was two certificates of deposit held in the name of St. Tammany Guidance Center and one certificate of deposit pledged by an employee. The note was repayable at the rate of \$498 per month over 60 months. Interest was variable at the rate of 2% above the rate of interest stated on one of the certificates of deposit. The note was paid off during the year ended June 30, 2004.

Interest in the amount of \$593 and \$797 was paid in cash during the fiscal year ended June 30, 2004 and 2003, respectively.

5. RELATED PARTY TRANSACTION:

The Carroll Street property is rented from a board member for \$1,200 per month, which is considered the market rate for such property.

During the year ended June 30, 2003, the sum of \$13,409 was loaned to St. Tammany Guidance by one of its employees. \$5,325 had been repaid as of June 30, 2003. The balance of \$8,084 was repaid during the year ended June 30, 2004.



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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

December 7, 2004

Board of Directors
St. Tammany Guidance Center -
Lake House
1912 Jefferson St.
Mandeville, LA 70448

We have audited the financial statements of the St. Tammany Guidance Center - Lake House (Lake House), as of and for the years ended June 30, 2004 and 2003, and have issued our report thereon dated December 7, 2004. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial reporting contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America.

As part of obtaining reasonable assurance about whether Lake House'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 Lake House'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 Board's management and the Legislative Audit Advisory Committee and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Duplantier, Hrapmann, Hogan & Maher, LLP

ST. TAMMANY GUIDANCE CENTER
LAKE HOUSE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

We have audited the financial statements of St. Tammany Guidance Center-Lake House as of and for the year ended June 30, 2004 and have issued our report thereon dated December 7, 2004. We conducted our 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. Our audit of the financial statements as of June 30, 2004 resulted in an unqualified opinion.

Section 1 Summary of Auditor's Reports

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

Internal Control

Material Weakness () Yes (X) No Other Conditions () Yes (X) No

Compliance

Compliance Material to Financial Statements () Yes (X) No

b. Federal Awards (not applicable)

Internal Control

Material Weakness () Yes () No Other Conditions () Yes () No

Type of Opinion on Compliance for Major Programs

Unqualified () Qualified () Disclaimer () Adverse ()

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

c. Identification of Major Programs: (not applicable)

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

Dollar threshold used to distinguish between Type A and Type B Programs: \$ not applicable

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

ST. TAMMANY GUIDANCE CENTER
LAKE HOUSE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

Section II Financial Statement Findings

No financial statement findings.

Section III Federal Award Findings and Questioned Costs

Not applicable since no federal awards are made to Lake House.

Section IV Management Letter Comments

No management letter comments.