ST. TAMMANY ASSOCIATION FOR RETARDED CITIZENS, INC. FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED JUNE 30, 2007

Under provisions of state law, this report is a public document. Acopy 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 ///21/07

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SILVA & ASSOCIATES, LLC

Certified Public Accountants

Craig A. Silva, CPA Brent A. Silva, CPA Tom A. Gurtner, CPA

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, 2007, 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, 2007, 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 October 30, 2007 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 and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. 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.

October 30, 2007

1605 Airline Dr., Suite 104 Metairie, LA 70001 Office: (504) 833-2436

Fax: (504) 833-9101

4331 Iberville St. Mandeville, LA 70471 Office: (985) 626-8299

Fax: (985) 626-9767

St. Tammany Association for Retarded Citizens, Inc. Statement of Financial Position June 30, 2007

ASSETS

Current Assets	
Cash and cash equivalents	\$ 1,526,928
Receivables	864,336
Linen inventory	120,815
Prepaid expenses	23,733
	2,535,812
Property and equipment	
Buildings	3,001,731
Furniture and equipment	740,120
Vehicles	579,246
	4,321,097
Less accumulated depreciation	(1,111,705)
. ,	3,209,392
Land	462,225
	3,671,617
Other assets	
Deposits	1,300
Total Assets	\$ 6,208,729
	
LIABILITIES AND NET ASSETS	
Current Liabilities	
Accounts payable	\$ 84,868
Accrued interest	5,311
Accrued salaries,wages and taxes	151,942
Accumulated paid leave	189,042
Deferred revenue	492,154
Current maturities of long-term debt	352,113
	1,275,430
Long-Term Debt	
Long-term, net of current maturities	1,027,481
Net Assets	
Unrestricted	3,506,221
Temporarily restricted	399,597
	3,905,818
Total Liabilities and Net Assets	\$ 6,208,729

St. Tammany Association for Retarded Citizens, Inc. Statement of Activities For the Year Ended June 30, 2007

	<u>U</u>	nrestricted		porarily stricted	 Total
Revenues and Other Support					
Government grants and contracts	. \$	3,707,724	\$	-	\$ 3,707,724
Ad valorem taxes		884,205		-	884,205
Private providers		564,521		-	564,521
Program services		510,604		-	510,604
Sale of services		870,142		-	870,142
Donations and private grants		203,012		136,017	339,029
United Way		205,861		87,500	293,361
Fundraising		91,826		_	91,826
Gain on disposition of assets		2,417		-	2,417
Other		64,448		-	64,448
Net assets released from restrictions					
Restrictions satisfied by payments		198,449	<u> </u>	(198,449)	
Total revenues and other support		7,303,209		25,068	7,328,277
Expenses					
Program services		6,054,006		_	6,054,006
Supporting services		1,063,031		<u>-</u>	 1,063,031
Total expenses		7,117,037		-	 7,117,037
Change in net assets	<u>_\$</u>	186,172	\$	25,068	\$ 211,240

St. Tammany Association for Retarded Citizens, Inc. Statement of Functional Expenses For the Year Ended June 30, 2007

					Program Services	SS				Su	Supporting		
	Adult	Infant			Waivered	Commercial Business	Elderly			S Ge Adm	Services General and Administrative		
	Habilitation	Habilitation	Residential	ential	Services	Services	Services		Total	Fun	Fund Raising		Total
Salaries/benefits	\$ 571,181	\$ 511,208	89	594,438	\$ 1,473,106	\$ 636,535	\$ 128,344	643	3,914,812	۶,	719,632	6-7	4,634,444
Payroll taxes	41,347	37,178		45,361	111,053	50,485	9,694		295,118		57,050		352,168
Professional services	2,560	4,344		22,222	4,200	11,349	970		45,645		16,454		65,099
Day service charges-internal		•		29,060	•		•		159,060		•		159,060
State bed fees	•			14,829	•	•			114,829		•		114,829
Supplies	20,693	47,647		55,004	2,606	62,149	6,281		194,380		20,539		214,919
Interest	23,631	38,228		•	•	20,694			82,553		1,250		83,803
Telephone	12,618	7,562		7,250	6,695		6,082		59,219		25,062		84,281
Postage	633	463		421	2,205	1,163	377		5,262		2,719		7,981
Occupancy	38,956	37,248		55,789	36,543	118,336	16,838		303,710		105,947		409,657
Insurance	41,624	24,797		51,771	49,697	93,979	12,102		273,970		24,726		298,696
Depreciation and amortization	26,899	45,796		34,988	•	170,599	11,821		290,103		7,196		297,299
Travel	24,450	4,709		28.888	19,379	87,395	10,230		175,051		36,446		211,497
Conferences and training	3,163	7,522		4,519	9,601	3,536	675		26,016		5,919		31,935
Fundraising expense	133	3,394		•	•	1	,		3,527		6,378		9,905
Miscellaneous	6,564	14,361		25,674	46,533	15,932	1,687		110,751		33,713		144,464
	\$ 814,452	\$ 784,457	\$ 1,2	1,200,214	\$ 1,758,618	\$ 1,291,164	\$ 205,101	69	6,054,006	6-5	1,063,031	∽	7,117,037

St. Tammany Association for Retarded Citizens, Inc. Statement of Changes in Net Assets June 30, 2007

Net assets - beginning of year	\$ 3,694,578
Increase (decrease) in net assets	
Unrestricted	186,172
Temporarily restricted	25,068
Net assets - end of year	\$ 3,905,818

St. Tammany Association for Retarded Citizens, Inc. Statement of Cash Flows June 30, 2007

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 211,240
Adjustments to reconcile change in net assets to	
net cash provided by operating activities Depreciation and amortization	297,299
Casualty Gain on property and equipment	(2,417)
(Increase) decrease in operating assets	
Receivables	(86,244)
Linen inventory	(36,501)
Prepaid expenses	15,417
Increase (decrease) in operating liabilities	
Accounts payable	(79,806)
Accrued liabilities	63,892
Deferred revenue	 102,657
Net cash provided by (used in) operating activities	485,537
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of property and equipment	(541,511)
Insurance proceeds from casualty	2,417
Net cash provided by (used in) investing activities	(539,094)
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from loan advances	64,095
Principal payments on long-term debt	 (62,425)
Net cash provided by (used in) financing activities	1,670
Net increase (decrease) in cash and cash equivalents	(51,887)
Cash - beginning of year	1,578,815
Cash - end of year	\$ 1,526,928
Supplemental cash flow information	
Cash paid during the year for:	
Interest	\$ 79,538
Non-cash investing and financing activities	
Acquisition of property financed	\$ 64,095

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. Expenses for maintenance, repairs and renewals of minor items are charged to earnings as incurred. Major renewals, improvements and property costs over \$5,000 are capitalized. Upon disposition, the cost and related accumulated depreciation are removed from the accounts and the resulting gain or loss is reflected in operations for the period.

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 including bank repurchase agreements.

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 unpaid balances, less an allowance for doubtful accounts. The Association provides for losses on accounts receivable using the allowance method. The allowance is based on experience, third-party contracts and other circumstances. It is the Associations policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected.

Linen Inventory

Linen inventory is stated at the lower of cost or market. Inventory is adjusted monthly by amortization of the costs based on number of linen turns.

NOTE B - CONCENTRATIONS OF CREDIT RISK ARISING FROM CASH DEPOSITS IN EXCESS OF INSURED LIMITS

The Association has concentrated its credit risk by maintaining deposits in banks located within the same geographic region that may at times exceed amounts covered by insurance provided by the Federal Deposit Insurance Corporation up to \$100,000. The Association's cash deposit balances were not in excess of the FDIC insurance at June 30, 2007. As of June 30, 2007, the Association has \$1,256,330 in bank repurchase agreements that are subject to credit risk. They are not insured by the Federal Deposit Insurance Corporation and are not guaranteed in any way by the United States Government or any agency thereof.. The Association has not experienced any losses in such accounts and agreements and believes it is not exposed to any significant credit risk to cash.

NOTE C - 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 6/30/2006	\$	184,064
Additions		190,165
Reductions		185,187
Balance 6/30/2007	\$_	189,042

NOTE D - 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. There were no retroactive adjustments paid to third party payers for the year ended June 30, 2007.

NOTE E - BOARD DESIGNATIONS

It is the policy of the Board of Directors of the Association to review its plans for future property improvements, acquisitions, and program services from time to time and to designate appropriate sums of unrestricted net assets to assure adequate financing. At June 30, 2007, the Association's Board had \$92,735 in designated funds.

NOTE F - 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 developmental disabilities in St. Tammany Parish. The agreement requires the Parish Council to compensate the Association a 1 mill tax annually (\$972,743 for the fiscal year ended June 30, 2007). The Association received \$980,866 of which \$463,589 was deferred for the fiscal year ended June 30, 2007 to properly recognize revenue when it will be earned. The Association incurred expenditures relating to the services provided in the amount of \$884,205. 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 G - NOTES PAYABLE

The Association has the following notes payable at June 30, 2007:

Mortgage note dated May 2, 2005, payable to a bank on demand with
current payments \$7,518 to include principal and interest at a rate of 5.95%
through May 2011. Collateralized by land and building.

\$1,008,116

Mortgage note dated December 1, 1999, payable to a bank in monthly installments of \$4,318 consisting of principal and interest accruing at a rate of 5.75% through December 12, 2007. Collateralized by land and building.

312,026

Note payable dated October 31, 2006, payable to a bank in 60 monthly installments of \$613 consisting of principal and interest accruing at a rate of 8.99% through November 15, 2011. Collateralized by a vehicle.

26,242

Note payable dated February 10, 2007, payable to a bank in 72 monthly installments of \$635 consisting of principal and interest accruing at a rate of 9.59% through February 12, 2013. Collateralized by a vehicle.

33,210

\$1,379,594

Maturities are as follows:

2008	\$ 351,880
2009	42,847
2010	45,886
2011	924,886
Thereafter	 14,095
	\$ 1,379,594

NOTE G - NOTES PAYABLE (continued)

Interest expense on notes payable for the year ending June 30, 2007 was \$83,803.

The Association has a \$300,000 line of credit bearing interest at prime plus .25% (7.5% at June 30, 2007), and is secured by a collateral real estate mortgage. The line of credit balance at June 30, 2007 was zero and matures May 15, 2008.

NOTE H - PROGRAM GRANTS

The Association was organized to promote the general welfare of the mentally retarded, to foster the development of programs on 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 I – UNITED WAY ALLOCATION/GRANTS

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, 2006, was \$293,361.

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 year ending June 30, 2007, was \$91,826 with expenses totaling \$9,905.

NOTE K - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets of \$399,597 are donations from corporations, individuals, and pledges receivable from the United Way of Greater New Orleans to support operations. There was \$198,499 of temporarily restricted net assets released from donor restrictions for general operations of the Association for the year ended June 30, 2007.

NOTE L - DONATED FACILITES

The Association occupies donated office space in Slidell. The total value of this donated space was \$14,400 for the year ended June 30, 2007.

NOTE M - OPERATING LEASE

During the year ended June 30, 2006, the Association entered into three noncancelable leases for office space for a three year period. Monthly rental amounts are \$4,285. Rental expense for the year ended June 30, 2007 was \$66,220. Monthly lease payments for vehicle leases are \$816. Total vehicle rental expense for the year ended June 30, 2007 was \$16,915.

NOTE N - ACCOUNTS RECEIVABLE

As of June 30, 2007, accounts receivable was composed of:

Waiver services	\$ 180,105
Contracted services	139,864
Title XIX	157,533
Early intervention	
services	23,529
Federal grants	100,374
Supported services	15,885
Council on Aging	5,746
Contributions	136,017
Other	105,283
	\$ 864,336

NOTE O - 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, 2007, the Waiver program represents 21% of receivables and the Title XIX program represents 18% of receivables.

NOTE P - RELATED PARTIES

During the year ended June 30, 2007, the Association paid \$141,430 for various building renovations and improvements to a board member who is a local construction contractor. Payments for computer maintenance and support for \$5,421 were paid to an employee's spouse.

NOTE Q - 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, 2007 was \$6,359.

On March 16, 2005, the board established a non-qualified deferred compensation plan for any retiring employee who has been employed by the Association for a minimum of 25 years and has maintained a satisfactory employment record. The compensation payments are not guaranteed and are paid only from board approved unrestricted funds that are available in the fiscal year in which a qualifying employee retires. Compensation payments are based on 50% of the employee's annualized regular salary at retirement date and may be paid in lump sum or under an installment plan not to exceed a 60 month period. For the year ended June 30, 2007, no payments were made under the plan.



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, 2007

				Program Services	5			Supporting	
	Adult	Infant		Waivered	Commercial Business	Elderly	Program Services	Services General and Administrative	
- TO F	Habilitation	Habilitation	Residential	Services	Services	Services	Total	Fund Raising	Total
Revenues and Other Support Government grants and contracts	\$ 597,398	\$ 103,646	\$ 1,172,180	\$ 1,834,500	1 54	ر. د	\$ 3,707,724	⊌4	\$ 3,707,724
Ad valorem taxes	82,411	124,164			454,609	58,458		31,447	
Private providers	316,198	•	162,004	100	•	86,219	564,521	•	564,521
Program service fees	2,361	508,243	1	•	•	•	510,604	•	\$10,604
Sale of services	•	1	•	•	870,142	•	870,142	ŧ	870,142
Donations	144,028	3,872	5,126	7,636	22,044	7,870	190,576	148,453	339,029
United Way	58,200	118,750	7,500	7,500	•	20,000	241,950	51,411	293,361
Fundraising	107	1,768	1	•	8,275	•	10,150	81,676	91,826
Other income	9,683	•	6,435	•	11,427	•	27,545	36,903	64,448
Gain on disposition of assets	•	•	•		2,417	•	2,417	•	2,417
Total revenues and other support	1,210,386	860,443	1,380,488	1,955,609	1,368,914	202,547	6,978,387	349,890	7,328,277
Expenses									
Salaries/benefits	571,181	511,208	594,438	1,473,106	636,535	128,344	3,914,812	719,632	4,634,444
Payroll taxes	41,347	37,178	45,361	111,053	50,485	9,694	295,118	57,050	352,168
Professional services	2,560	4,344	22,222	4,200	11,349	026	45,645	16,454	65,099
Day service charges-internal	•	1	159,060	•	•	1	159,060	•	159,060
State bed fees	•	•	114,829	•	•	1	114,829	•	114,829
Supplies	20,693	47,647	55,004	2,606	62,149	6,281	194,380	20,539	214,919
Interest	23,631	38,228	•	•	20,694	•	82,553	1,250	83,803
Telephone	12,618	7,562	7,250	6,695	19,012	6,082	59,219	25,062	84,281
Postage	633	463	421	2,205	1,163	377	5,262	2,719	7,981
Occupancy	38,956	37,248	55,789	36,543	118,336	16,838	303,710	105,947	409,657
Insurance	41,624	24,797	51,771	49,697	93,979	12,102	273,970	24,726	298,696
Depreciation and amortization	56,899	45,796	34,988	•	170,599	11,821	290,103	7,196	297,299
Travel	24,450	4,709	28,888	19,379	87,395	10,230	175,051	36,446	211,497
Conferences and training	3,163	7,522	4,519	6,601	3,536	675	26,016	5,919	31,935
Fundraising	133	3,394	•	•	•	•	3,527	6,378	9,905
Miscellaneous	6,564	14,361	25,674	46,533	15,932	1,687	110,751	33,713	144,464
Total expenses	\$ 814,452	\$ 784,457	\$ 1,200,214	\$ 1,758,618	\$ 1,291,164	\$ 205,101	\$ 6,054,006	\$ 1,063,031	\$ 7,117,037
Change in net assets	\$ 395,934	\$ 75,986	\$ 180,274	\$ 196,991	\$ 77,750		\$ 924,381	\$ (713,141)	\$ 211.240
							I	ı	

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, 2007

				Program Services				Supporting	
	Adult Habilitation	Înfant Habilitation	Recidentia	Waivered	Commercial Business	Elderly	Program Services	Services General and Administrative	- - - -
Revenues and Other Support	Habilitation	Habilitadou	Nesinchila	Services	Services	Services	1 0121	runa Kaising	10141
Government grants and contracts	\$ 597,398	\$ 103,646	\$ 1,172,180	\$ 1,834,500	S	· •	\$ 3,707,724	•	\$ 3,707,724
Ad valorem taxes	82,411	124,164	27,243	105,873	454,609	58,458	852,758	31,447	884,205
Private providers	316,198	,	162,004	100	•	86,219	564,521	•	564,521
Program service fees	2,361	508,243	. •	•	•	. •	510,604	•	510,604
Sale of services	•	•	•		870,142	•	870,142	•	870,142
Donations	144,028	3,872	5,126	7,636	22,044	7,870	190,576	148,453	339,029
United Way	58,200	118,750	7,500	7,500	•	50,000	241,950	51,411	293,361
Fundraising	107	1,768	٠	•	8,275	٠	10,150	81,676	91,826
Other income	9,683	•	6,435	•	11,427	١	27,545	36,903	64,448
Gain on disposition of assets	•	•	•		2,417	•	2,417	•	2,417
	1,210,386	860,443	1,380,488	1,955,609	1,368,914	202,547	6,978,387	349,890	7,328,277
Allocation of supporting service revenues	59,481	41,987	62,980	83,974	80,475	20,993	349,890	(349,890)	•
Total revenues and other support	1,269,867	902,430	1,443,468	2,039,583	1.449.389	223,540	7.328.277	•	7.328.277
Compensation expenses	612.528	548 386	062 019	1 584 159	687 070	138.038	4 200 030	776 687	4 086 612
Occupancy	38 956	37.24R	55,780	36 543	118 336	16.838	202,730	105.047	710,000,
Travel	24,450	4,709	28.888	19,379	87.395	10,230	175.051	36.446	211.497
Other direct program expenses	138,518	194,114	475,738	118,537	398,413	39,995	1,365,315	143,956	1,509,271
	814,452	784,457	1,200,214	1,758,618	1,291,164	205,101	6,054,006	1,063,031	7,117,037
Allocation of supporting service expenses	170,085	170,085	201,976	287,018	191,346	42,521	1,063,031	(1,063,031)	1
Total expenses	984,537	954,542	1,402,190	2,045,636	1,482,510	247,622	7,117,037		7,117,037
Change in net assets	\$ 285,330	\$ (52,112)	\$ 41,278	\$ (6,053)	\$ (33,121)	\$ (24,082)	\$ 211,240	·	\$ 211,240



SILVA & ASSOCIATES, LLC

Certified Public Accountants

Craig A. Silva, CPA Brent A. Silva, CPA Tom A. Gurtner, CPA

> 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

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, 2007, and have issued our report thereon dated October 30, 2007. 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 grant agreements, 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 as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of St. Tammany Association of Retarded Citizens, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the St. Tammany Association for Retarded Citizens, Inc.'s internal control over financial reporting.

1605 Airline Dr., Suite 104 Metairie, LA 70001 Office: (504) 833-2436 Fax: (504) 833-9101 4331 Iberville St. Mandeville, LA 70471 Office: (985) 626-8299 Fax: (985) 626-9767 A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the St. Tammany Association for Retarded Citizens, Inc.'s ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the St. Tammany Association for Retarded Citizens, Inc.'s internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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.

flux & Associates, Lh C

October 30, 2007

St. Tammany Association for Retarded Citizens, Inc. Schedule of Findings and Questioned Costs For the Year Ended June 30, 2007

Section I - Summary of Auditors' Results

Financial Statements						
Type of auditors' report issued:	Unqualified					
Internal control over financial reporting:		•				
Material weaknesses identified?		yes	X	no		
Significant deficiencies identified?				_		
not considered to be material weaknesses?		yes	X	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					
Significant deficiencies identified						
not considered to be material weaknesses?	Not applicable					
Type of auditors' report issued on compliance						
for major programs:	Not applicable					
, . J						
Any audit findings disclosed that are required		Not applicable				
to be reported in accordance with		,,				
Circular A-133, Section .510 (a)?						
, , , , , ,						
Identification of major programs:						
CFDA Numbers	Name of Federal Program or Cluster					
Not applicable	Not applicable					
Dollar threshold used to distinguish						
between Type A and Type B programs:		\$300,000				
Auditee qualified as low-risk audit?	Not applicable					
Section II - Internal Control & Compliance						
Governmental Auditing Standards						
Internal Control						
Item Number	Agency/Program	Ques	tioned Costs			

Section III - Management letter

No findings for the year ended June 30, 2007

No findings for the year ended June 30, 2007

St. Tammany Association for Retarded Citizens, Inc. Summary Schedule of Prior Audit Findings For the Year Ended June 30, 2007

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

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

No reported findings for the year ended June 30, 2006.

Section II - Internal Control and Compliance Material to Federal Awards

No reported findings for the year ended June 30, 2006.

Section III - Management Letter

No reported findings for the year ended June 30, 2006.