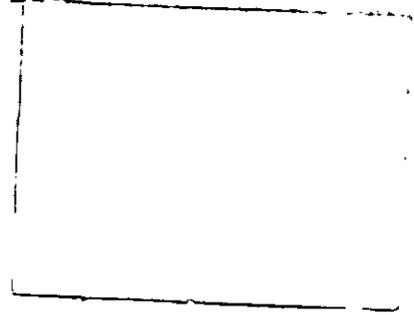


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TARC
FINANCIAL STATEMENTS
JUNE 30, 2004

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 1-26-05

TARC
TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor's Report	1
Financial Statements	
Statement of Financial Position	3
Statement of Activities	4
Statement of Cash Flows	5
Notes to the Financial Statements	6
Supplementary Information	11
Statement of Functional Expenses	12
Schedule of Federal/State Awards	14
Independent Auditor's Report on Compliance And On Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	15
Schedule of Findings and Questioned Costs year ended June 30, 2004	16
Schedule of Findings and Questioned Costs year ended June 30, 2003	17

JAMES M. CAMPBELL
CERTIFIED PUBLIC ACCOUNTANT

(225) 926-6047
(225) 928-0146
(225) 926-6270 Fax

A PROFESSIONAL CORPORATION
8939 Jefferson Hwy. First Floor, Suites A B C
Baton Rouge, Louisiana 70809

November 16, 2004

INDEPENDENT AUDITOR'S REPORT

Board of Directors
TARC
Hammond, Louisiana

Ladies and Gentlemen:

We have audited the accompanying statement of financial position of TARC (a non-profit organization) as of June 30, 2004, and the related statements of activities, and cash flows for the year then ended. These financial statements are the responsibility of TARC's management. Our responsibility is to express an opinion on these financial statements based upon 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 TARC as of June 30, 2004, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as whole. The schedule of functional expenses on pages 12 and 13 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 our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as whole.

Member of:
American Institute of Certified Public Accountants
Arkansas Society of Certified Public Accountants
Society of Louisiana CPA's

Independent Auditor's Report
(Concluded)

In accordance with Government Auditing Standards, we have also issued our report dated November 16, 2004, on our consideration of TARC'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.

 James M. Campbell CPA, AZ

TARC
STATEMENT OF FINANCIAL POSITION
YEAR ENDED JUNE 30, 2004

ASSETS

	<u>2004</u>
<u>ASSETS</u>	
Cash	\$180,982
Accounts receivable (Less allowance for Bad Debts of \$24,000)	155,247
Prepaid expenses	538
Land	47,065
Building	66,045
Leasehold improvements	18,367
Furniture and equipment	104,689
Vehicles	32,617
Less: Accumulated Depreciation	<u>(115,656)</u>
<u>Total Assets</u>	<u>\$ 489,894</u>

LIABILITIES AND NET ASSETS

<u>LIABILITIES</u>	
Accounts payable	18,192
Accrued payroll	58,238
Payroll taxes payable	4,713
Other payroll withholding liabilities	<u>4,683</u>
<u>Total Liabilities</u>	<u>85,826</u>
<u>NET ASSETS</u>	
Unrestricted net assets	<u>404,068</u>
<u>Total Net Assets</u>	<u>404,068</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 489,894</u>

The accompanying notes are an integral part of this statement.

TARC
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2004

	<u>2004</u>
<u>UNRESTRICTED NET ASSETS</u>	
Contributions	\$ 14,608
Fund raisers	99,864
Memberships	2,850
Contributions - United Way	16,000
Donated facilities	32,000
<u>Total Unrestricted Public Support</u>	<u>165,322</u>
<u>REVENUES</u>	
Fees and grants from Governmental Agencies and private insurers	1,258,922
Day care revenue	140,712
Interest income	837
Miscellaneous	20,613
<u>Total Unrestricted Revenues</u>	<u>1,421,084</u>
<u>Total Unrestricted Public Support and Revenue</u>	<u>1,586,406</u>
<u>EXPENSES</u>	
Program services	1,458,899
Supporting services	
Management & general	116,117
<u>Total Expenses</u>	<u>1,575,016</u>
<u>INCREASE IN UNRESTRICTED NET ASSETS</u>	<u>11,390</u>
<u>NET ASSETS, BEGINNING OF YEAR</u>	<u>392,678</u>
<u>NET ASSETS, END OF YEAR</u>	<u>\$ 404,068</u>

The accompanying notes are an integral part of this statement.

TARC
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2004

	<u>2004</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>	
Change in net assets	\$ 11,390
Adjustments to reconcile change to net cash provided by operating activities:	
Depreciation	16,085
(Increase) Decrease in:	
Accounts receivable	(53,209)
Prepaid expenses	729
Increase (Decrease) in:	
Accounts payable	(2,313)
Accrued payroll	58,238
Payroll taxes payable	(6,789)
Other payroll withholding liabilities	<u>(899)</u>
 <u>NET CASH FROM OPERATING ACTIVITIES</u>	 <u>23,232</u>
 <u>CASH FLOWS FROM INVESTING ACTIVITIES</u>	
Purchases of property and equipment	<u>(13,964)</u>
 <u>NET CASH FROM INVESTING ACTIVITIES</u>	 <u>(13,964)</u>
 <u>CASH FLOWS FROM FINANCING ACTIVITIES</u>	
 <u>NET CASH FROM FINANCING ACTIVITIES</u>	 <u>0</u>
 <u>NET INCREASE (DECREASE) IN CASH</u>	 9,268
 <u>CASH, BEGINNING OF YEAR</u>	 <u>171,714</u>
 <u>CASH, END OF YEAR</u>	 <u>180,982</u>
 <u>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:</u>	
Cash paid during the year for:	
Interest	<u>\$ 0</u>

The accompanying notes are an integral part of this statement.

TARC
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2004

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Nature of Activities

TARC is a private, non-profit organization whose purpose is to provide an early intervention program for children, birth to three years of age, who reside in Tangapahoa and Livingston Parishes, with developmental needs or handicaps, or at risk of having developmental needs or handicaps. TARC provides advocacy and community support services to individuals with disabilities. TARC also operates a Day Care facility which can provide for special needs children as well as the general public. TARC's support comes primarily from various state contracts and programs.

B. Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of TARC and changes therein are classified and reported as follows:

Unrestricted net assets: Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets: Net assets subject to donor-imposed stipulations that may or will be met, either by actions of TARC and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Permanently restricted net assets: Net assets subject to donor-imposed stipulations that they be maintained permanently by TARC. Generally, the donors of these assets permit TARC to use all or part of the income earned on any related investments for general or specific purposes.

C. Financial Statement Presentation

In 1997, TARC adopted Statement of Financial Accounting Standards, (SFAS) No.117, "Financial Statements of Not-for-Profit Organizations". Under SFAS No.117, TARC 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) based upon the existence or absence of donor-imposed restrictions. As permitted by this Statement, TARC has discontinued its use of fund accounting and has, accordingly, reclassified its financial statements to present the three classes of net assets required.

TARC
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2004

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Financial Statement Presentation (Continued)

TARC also adopted SFAS No.116, "Accounting for Contributions Received and Contributions Made", in 1997. 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.

D. Income Taxes

TARC is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code, and therefore has made no provision for federal income taxes in the accompanying financial statements. In addition, TARC has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code. There was no unrelated business income for the year ending June 30, 2004.

E. Allocation of Supporting Service Expenditure

Certain overhead expenses have been allocated between Program services and Supporting services based on a time study and an allocation of floor space based on the utilization of square footage by each program.

F. Cash and Cash Equivalents

TARC considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

G. Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets, and reported in the Statement of Activities as net assets released from restrictions.

H. Fixed Assets

Fixed assets acquired by TARC are considered to be owned by TARC; however, State funding sources may maintain equitable interest in the property purchased with grant monies as well as the right to determine the use of any proceeds from the sale of these assets. The State has a reversionary interest in those assets purchased with its funds which have a cost of \$500 or more and an estimated useful life of at least one year.

TARC
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2004

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Fixed Assets (Continued)

TARC follows the practice of capitalizing, at cost, all expenditures for fixed assets in excess of \$500. Depreciation is computed on a straight-line basis over the useful lives of the assets generally as follows:

	<u>Estimated Useful Life</u>	<u>Cost</u>
Building	39.5 years	\$ 66,045
Leasehold Improvements	5-10 years	18,367
Furniture and equipment	5-10 years	104,689
Vehicles	5 years	32,617
		<u>\$221,718</u>

Depreciation expense was \$16,084 for the year ending June 30, 2004.

I. Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

J. Estimates

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

K. Support and Revenue

TARC receives grant and contract support from the State Department of Health and Hospitals and other State Agencies (see Note 10-Summary of Grants/Contracts Funding). TARC receives client fees, Medicaid income, and Medicare income for billable client services and recognizes these fees and income when earned.

NOTE 2: ACCOUNTS RECEIVABLE

Receivables at June 30, 2004, are summarized below. TARC anticipates that substantially all receivables will be collected. However, a \$24,000 provision for uncollectible receivables has been provided.

	<u>June 30, 2004</u>
Due from State of Louisiana:	
Early Intervention Program	\$ 4,238
Due from other sources:	
Other Receivables	<u>151,009</u>
	<u>\$ 155,247</u>

TARC
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2004

NOTE 3: ACCRUED VACATION AND LEAVE - EMPLOYEE BENEFITS

Employees of TARC accrue annual vacation and leave at various rates and number of days. There is a six (6) month probationary period for all new employees prior to accruing any vacation or leave. Any vacation days carried over to the following fiscal year must be used by the 31st of August of that year or be forfeited. There was \$3,405 recorded in accrued leave as of June 30, 2004.

NOTE 4: COMMITMENTS AND CONTINGENCIES

TARC receives a substantial portion of its revenues from Government grants and contracts which require the Organization to obtain a contract compliance audit of expenditures charged to the contracts. These may be subject to retroactive adjustments by third party payers. Management is not aware of any proposed adjustments and no provision for estimated retroactive adjustment has been provided.

NOTE 5: DONATED FACILITIES, MATERIALS, EQUIPMENT, AND SERVICES

Donated facilities are reflected as revenue received directly from the public with a corresponding expense to supporting services in the amount of \$32,000. The estimated value was determined by inquiry of real estate agents in the general area.

TARC records the value of donated goods or services when there is an objective basis available to measure their value.

Donated materials and equipment are reflected as contributions in the accompanying statements at their estimated fair market values at the date of receipt. There were no equipment donations as of June 30, 2004. The value of donated services is not reflected in the accompanying financial statements because the value of such services and the amount of time donated is immaterial.

NOTE 6: LEASES

TARC's lease with the State of Louisiana, for a 6,400 square foot building located at 201 East Church Street, Hammond, Louisiana was renewed for an additional twenty-five years on October 19, 2003. The consideration was the mutual benefit, advantages, and convenience to be derived by the public in the operation of TARC. The donated facilities are valued at \$32,000 annually.

TARC
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2004

NOTE 7: SALARY REDUCTION PROGRAM

TARC offers its employees a 403 (b) (7) salary reduction program. Participation in this program is voluntary. TARC does not contribute to this program.

NOTE 8: FAIR VALUE OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used to estimate the fair value of each class of financial instruments:

Cash and cash equivalents - Fair value approximates carrying value due to the initial maturities of the instruments being three months or less.

The estimated fair values of TARC's financial instruments at June 30, 2004, are as follows:

	<u>Carrying Amount</u>	<u>Fair Value</u>
Financial assets:		
Cash and cash equivalents	\$180,982	\$180,982

NOTE 9: CONCENTRATION OF CREDIT RISK

TARC maintains several bank accounts at three banks. Accounts at an institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000. There were no bank accounts in excess of the FDIC limit as of June 30, 2004.

NOTE 10: SUMMARY OF GRANTS/CONTRACTS FUNDING

TARC received funding from the following sources for the period July 1, 2003 to June 30, 2004:

<u>Funding Source</u>	<u>Grant Contract Number</u>	<u>Period</u>	<u>Contract</u>	<u>Support</u>
State Department				
Health and Hospitals	340-401155	7/1/03-6/30/04	\$ 112,992	\$112,992
Department of Education				
Child and Adult Care Food Program (CACFP)	10.558			<u>13,131</u>
<u>TOTAL GRANTS AND CONTRACTS</u>				<u>\$126,123</u>

SUPPLEMENTARY INFORMATION

TARC
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2004

	PROGRAM EXPENSES		
	EARLY INTERVENTION PROGRAM	CHILD AND ADULT CARE FOOD PROGRAM	EARLY LEARNING CENTER
Salaries	\$ 273,751	\$ 6,734	\$ 98,924
Payroll taxes and benefits	<u>34,614</u>	<u>397</u>	<u>9,253</u>
<u>Total employee compensation</u>	<u>308,365</u>	<u>7,131</u>	<u>108,177</u>
Affiliation fees			
Bad debt	24,000		
Billing agent fees			
Central office overhead	170,443		8,777
Contract therapist services	119,348		
Dues and subscriptions	399		
Equipment	1,595		333
Fund raising expense			1,382
Insurance	6,844		3,055
Interest			
Meeting expense			
Miscellaneous	979		2,535
Office expense	2,462		658
Professional services			
Rent			
Repairs and maintenance-buildings	387		
Repairs and maintenance-equipment	1,244		635
Supplies-general	191	7,317	636
Supplies-training	2,012		2,395
Telephone	108		87
Training	4,022		941
Travel and seminars	<u>18,861</u>		<u>441</u>
Total expenses before depreciation	<u>661,260</u>	<u>14,448</u>	<u>130,052</u>
Depreciation of Fixed Assets	<u>5,013</u>		
<u>Total Functional Expenses</u>	<u>\$ 666,273</u>	<u>\$ 14,448</u>	<u>\$ 130,052</u>

<u>COMMUNITY SUPPORT SERVICES</u>	<u>TOTAL PROGRAM EXPENSES</u>	<u>SUPPORTING SERVICES</u>	<u>TOTAL EXPENSES (MEMORANDUM ONLY) 6-30-04</u>
\$ 491,615	\$ 871,024	\$ 17,489	\$ 888,513
<u>44,498</u>	<u>88,762</u>	<u>5,612</u>	<u>94,374</u>
<u>536,113</u>	<u>959,786</u>	<u>23,101</u>	<u>982,887</u>
		2,011	2,011
	24,000		24,000
15,715	15,715		15,715
25,096	204,316	26,175	230,491
349	119,697		119,697
991	1,390	273	1,663
575	2,503	1,053	3,556
	1,382	13,248	14,630
9,295	19,194	874	20,068
			0
		4,561	4,561
6,227	9,741	4,558	14,299
3,615	6,735	4,725	11,460
		3,450	3,450
		32,000	32,000
13,645	14,032		14,032
	1,879		1,879
20,141	28,285		28,285
528	4,935		4,935
1,320	1,515		1,515
1,823	6,786	70	6,856
<u>12,240</u>	<u>31,542</u>	<u>18</u>	<u>31,560</u>
<u>647,673</u>	<u>1,453,433</u>	<u>116,117</u>	<u>1,569,550</u>
<u>453</u>	<u>5,466</u>		<u>5,466</u>
<u>\$ 648,126</u>	<u>\$ 1,458,899</u>	<u>\$ 116,117</u>	<u>\$ 1,575,016</u>

TARC
SCHEDULE OF FEDERAL/STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2004

<u>FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE</u>	<u>CFDA OR OTHER NUMBER</u>	<u>PASS-THROUGH GRANTOR'S NUMBER</u>	<u>DISBURSEMENTS/ EXPENDITURES</u>
<u>State Department of Health and Hospitals</u>			
Early Intervention Program	340-401155	599604	\$ 112,992
<u>Department of Education</u>			
Child and Adult Care Food Program (CACFP)	10.558		<u>13,131</u>
Total			<u>\$ 126,123</u>

See Auditor's Report

JAMES M. CAMPBELL
CERTIFIED PUBLIC ACCOUNTANT
A PROFESSIONAL CORPORATION

(225) 926-6047

(225) 928-0146

(225) 926-6270 Fax

8939 Jefferson Hwy. First Floor, Suites A B C

Baton Rouge, Louisiana 70809

November 16, 2004

INDEPENDENT AUDITOR'S 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
TARC
Hammond, Louisiana

We have audited the financial statements of TARC (a nonprofit organization) as of and for the year ended June 30, 2004, and have issued our report thereon dated November 16, 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 TARC'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 TARC'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 solely for the information of the Board of Directors and management of TARC, the Louisiana Legislative Auditor, others within the organization, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.



TARC
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2004

SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of TARC.
2. No reportable conditions were disclosed during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of TARC were disclosed during the audit.
4. TARC was determined to be a low-risk auditee.

TARC
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2003

SUMMARY OF AUDIT RESULTS

1. The auditor's report expressed an unqualified opinion on the financial statements of TARC.
2. No reportable conditions were disclosed during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of TARC were disclosed during the audit.
4. No reportable conditions were disclosed during the audit of the major federal/state award programs.
5. The auditor's report on compliance for the major federal/state award programs for TARC expressed an unqualified opinion on all major federal/state award programs.
6. No audit findings relative to the major federal/state award programs for TARC were reported.
7. The program tested as a major program included: Department of Education, Idea Part C, CFDA #84.181A. Total expenditures were \$320,815.
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. TARC was determined to be a low-risk auditee.