
ST. JOHN ASSOCIATION FOR RETARDED CITIZENS, INC.

FINANCIAL STATEMENTS

JUNE 30, 2021



ST. JOHN ASSOCIATION FOR RETARDED CITIZENS, INC.

FINANCIAL STATEMENTS

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors of
St. John Association for Retarded Citizens, Inc.

We have reviewed the accompanying financial statements of St. John Association for Retarded Citizens, Inc. (the Association), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Accountants' Responsibility

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA, and the standards applicable to review engagements contained in *Government Auditing Standards* issued by the United States Comptroller General. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of St. John Association for Retarded Citizens, Inc and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.



Other Matters

The financial statements for the year ended June 30, 2020, were audited by us, and we expressed an unmodified opinion on them in our report dated June 29, 2021, but we have not performed any auditing procedures since that date.

Report on Supplementary Information

The accompanying schedule of compensation, benefits and other payments to the chief executive officer is presented for purposes of additional analysis and is not required parts of the basic financial statements. The information is the representation of management. We have reviewed the information, and based on our review, we are not aware of any material modifications that should be made to the information in order for it to be in accordance with accounting principles generally accepted in the United States of America. We have not audited the supplementary information and, accordingly, do not express an opinion on such information.

Postlethwaite & Netterville

Metairie, Louisiana
November 30, 2022

ST. JOHN ASSOCIATION FOR RETARDED CITIZENS, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2021 AND 2020

ASSETS

	<u>2021</u>	<u>2020</u>
<u>CURRENT ASSETS</u>		
Cash	\$ 1,450,623	\$ 2,609,655
Contract receivables	39,687	125,042
Receivable from St. John Parish (ad valorem)	348,318	78,069
Other receivables	-	3,590
Unconditional promise to give, net present value	39,976	40,975
	<u>1,878,604</u>	<u>2,857,331</u>
<u>LONG-TERM ASSETS</u>		
Unconditional promise to give, net present value	19,500	59,476
Property and equipment, net	3,066,318	2,304,770
	<u>3,085,818</u>	<u>2,364,246</u>
	<u>\$ 4,964,422</u>	<u>\$ 5,221,577</u>

LIABILITIES AND NET ASSETS

<u>CURRENT LIABILITIES</u>		
Accrued expenses and other payables	\$ 174,059	\$ 397,677
Short term portion of long term obligations	3,132	3,416
Paycheck Protection Program loan	-	86,407
	<u>177,191</u>	<u>487,500</u>
<u>LONG TERM LIABILITIES</u>		
	<u>-</u>	<u>3,132</u>
	<u>177,191</u>	<u>490,632</u>
<u>NET ASSETS</u>		
Without donor restrictions	4,727,755	4,630,494
With donor restrictions	59,476	100,451
	<u>4,787,231</u>	<u>4,730,945</u>
	<u>\$ 4,964,422</u>	<u>\$ 5,221,577</u>

The accompanying notes are an integral part of these financial statements.

ST. JOHN ASSOCIATION FOR RETARDED CITIZENS, INC.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2021

	2021		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>REVENUES AND OTHER SUPPORT</u>			
Contract revenues - DHH - Medicaid	\$ 948,642	\$ -	\$ 948,642
Contract revenues - Betr-Care	5,310	-	5,310
Ad valorem tax	363,407	-	363,407
Client contracts	9,708	-	9,708
Contributed rent	-	1,025	1,025
Client lunches	9,922	-	9,922
Payroll Protection Program loan forgiveness	86,407	-	86,407
Miscellaneous income	50,456	-	50,456
Net assets released from restrictions	42,000	(42,000)	-
Total revenues and other support	<u>1,515,852</u>	<u>(40,975)</u>	<u>1,474,877</u>
 <u>EXPENSES</u>			
Program services:			
Day Developmental Work-Training Center	600,750	-	600,750
Individual Family Support Services program	760,578	-	760,578
Supporting services:			
Management and general	57,263	-	57,263
Total expenses	<u>1,418,591</u>	<u>-</u>	<u>1,418,591</u>
 Change in net assets	 97,261	 (40,975)	 56,286
 <u>NET ASSETS AT BEGINNING OF THE YEAR</u>	 <u>4,630,494</u>	 <u>100,451</u>	 <u>4,730,945</u>
 <u>NET ASSETS AT END OF THE YEAR</u>	 <u>\$ 4,727,755</u>	 <u>\$ 59,476</u>	 <u>\$ 4,787,231</u>

The accompanying notes are an integral part of these financial statements.

ST. JOHN ASSOCIATION FOR RETARDED CITIZENS, INC.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2020

	2020		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>REVENUES AND OTHER SUPPORT</u>			
Contract revenues - DHH - Medicaid	\$ 1,223,807	\$ -	\$ 1,223,807
Contract revenues - Betr-Care	29,559	-	29,559
Ad valorem tax	446,861	-	446,861
Client contracts	36,832	-	36,832
Contributed rent	-	3,238	3,238
Client lunches	11,427	-	11,427
Miscellaneous income	45,005	-	45,005
Net assets released from restrictions	42,000	(42,000)	-
Total revenues and other support	<u>1,835,491</u>	<u>(38,762)</u>	<u>1,796,729</u>
<u>EXPENSES</u>			
Program services:			
Day Developmental Work-Training Center	719,215	-	719,215
Individual Family Support Services program	613,912	-	613,912
Supporting services:			
Management and general	51,518	-	51,518
Total expenses	<u>1,384,645</u>	<u>-</u>	<u>1,384,645</u>
Change in net assets	450,846	(38,762)	412,084
<u>NET ASSETS AT BEGINNING OF THE YEAR</u>	<u>4,179,648</u>	<u>139,213</u>	<u>4,318,861</u>
<u>NET ASSETS AT END OF THE YEAR</u>	<u>\$ 4,630,494</u>	<u>\$ 100,451</u>	<u>\$ 4,730,945</u>

The accompanying notes are an integral part of these financial statements.

ST. JOHN ASSOCIATION FOR RETARDED CITIZENS, INC.

STATEMENTS OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2021

	Program Services			Supporting Services		Total
	Day Development Work-Training Program	Individual Family Support Services	Total Program Services	Management and General	Total Supporting Services	
Compensation and related expenses						
Compensation:						
Staff	\$ 343,584	\$ 592,988	\$ 936,572	\$ 20,936	\$ 20,936	\$ 957,508
Clients	7,688	-	7,688	-	-	7,688
Employee benefits - health insurance	46,898	19,409	66,307	-	-	66,307
Payroll taxes	25,701	51,518	77,219	-	-	77,219
Worker's compensation insurance	7,403	10,722	18,125	-	-	18,125
Conference and training	7,047	-	7,047	-	-	7,047
Client lunches	112	-	112	-	-	112
Depreciation	8,091	1,867	9,958	16,905	16,905	26,863
Dues	-	2,228	2,228	250	250	2,478
Insurance	5,531	53,914	59,445	-	-	59,445
License and fees	209	1,119	1,328	2,731	2,731	4,059
Medicaid billing software and support	1,750	1,750	3,500	-	-	3,500
Occupancy:						
Utilities	23,890	824	24,714	2,746	2,746	27,460
Maintenance	22,580	779	23,359	2,595	2,595	25,954
Rent	36,540	1,260	37,800	4,200	4,200	42,000
Professional services	12,913	12,523	25,436	-	-	25,436
Supplies:						
Operating	11,354	392	11,746	1,305	1,305	13,051
Office	11,297	390	11,687	1,298	1,298	12,985
Telephone	8,083	279	8,362	929	929	9,291
Transportation expense	13,330	-	13,330	-	-	13,330
Travel and meals	-	5,392	5,392	-	-	5,392
Interest expense	-	-	-	-	-	-
Other	6,749	3,224	9,973	3,368	3,368	13,341
Total expenses	\$ 600,750	\$ 760,578	\$ 1,361,328	\$ 57,263	\$ 57,263	\$ 1,418,591

(Continued)

The accompanying notes are an integral part of these financial statements.

ST. JOHN ASSOCIATION FOR RETARDED CITIZENS, INC.

STATEMENTS OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2020

	Program Services			Supporting Services		Total
	Day Development Work-Training Program	Individual Family Support Services	Total Program Services	Management and General	Total Supporting Services	
Compensation and related expenses						
Compensation:						
Staff	\$ 413,138	\$ 507,027	\$ 920,165	\$ 21,175	\$ 21,175	\$ 941,340
Clients	21,685	-	21,685	-	-	21,685
Employee benefits - health insurance	30,799	19,269	50,068	-	-	50,068
Payroll taxes	33,984	44,742	78,726	-	-	78,726
Worker's compensation insurance	9,370	13,101	22,471	-	-	22,471
Conference and training	2,670	-	2,670	-	-	2,670
Client lunches	32,204	-	32,204	-	-	32,204
Depreciation	8,367	1,867	10,234	16,656	16,656	26,890
Dues	-	-	-	1,728	1,728	1,728
Insurance	5,440	-	5,440	-	-	5,440
License and fees	442	2,528	2,970	750	750	3,720
Medicaid billing software and support	1,813	1,813	3,626	-	-	3,626
Occupancy:						
Utilities	18,919	652	19,571	2,175	2,175	21,746
Maintenance	6,187	213	6,400	711	711	7,111
Rent	36,540	1,260	37,800	4,200	4,200	42,000
Professional services	12,176	12,638	24,814	-	-	24,814
Supplies:						
Operating	10,515	363	10,878	1,209	1,209	12,087
Office	12,508	431	12,939	1,438	1,438	14,377
Telephone	8,145	281	8,426	935	935	9,361
Transportation expense	50,093	-	50,093	-	-	50,093
Travel and meals	-	5,113	5,113	328	328	5,441
Interest expense	-	515	515	-	-	515
Other	4,220	2,099	6,319	213	213	6,532
Total expenses	<u>\$ 719,215</u>	<u>\$ 613,912</u>	<u>\$ 1,333,127</u>	<u>\$ 51,518</u>	<u>\$ 51,518</u>	<u>\$ 1,384,645</u>

(Concluded)

The accompanying notes are an integral part of these financial statements.

ST. JOHN ASSOCIATION FOR RETARDED CITIZENS, INC.

STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<u>OPERATING ACTIVITIES</u>		
Change in net assets	\$ 56,286	\$ 412,084
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	26,863	26,890
Forgiveness of paycheck protection program loan	(86,407)	-
Decrease in unconditional promise to give	42,000	42,000
Discount related to unconditional promise to give	(1,025)	(3,238)
Decrease in contract receivables	85,355	277,130
(Increase) decrease in receivable from St. John Parish (ad valorem)	(270,249)	59,268
Decrease in other receivable	3,590	5,734
Decrease in prepaid expenses	-	8,326
Increase (decrease) in accrued expenses and other payables	(7,427)	2,290
Net cash provided by (used in) operating activities	<u>(151,014)</u>	<u>830,484</u>
<u>INVESTING ACTIVITIES</u>		
Purchases of property and equipment	(1,004,602)	(1,424,925)
Net cash used in investing activities	<u>(1,004,602)</u>	<u>(1,424,925)</u>
<u>FINANCING ACTIVITIES</u>		
Principal payments on capital lease	(3,416)	(3,416)
Proceeds from paycheck protection program loan	-	86,407
Net cash provided by (used in) financing activities	<u>(3,416)</u>	<u>82,991</u>
Net decrease in cash	(1,159,032)	(511,450)
Cash and cash designated for long-term purposes, beginning of year	<u>2,609,655</u>	<u>3,121,105</u>
Cash and cash designated for long-term purposes, end of year (Note 3)	<u>\$ 1,450,623</u>	<u>\$ 2,609,655</u>
<u>NON CASH FINANCIAL STATEMENT DISCLOSURE</u>		
Change in accrued expenses for property and equipment	<u>\$ 216,191</u>	<u>\$ 253,587</u>

The accompanying notes are an integral part of these financial statements.

ST. JOHN ASSOCIATION FOR RETARDED CITIZENS, INC.

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

Organization

St. John Association for Retarded Citizens, Inc. (the Association) is a 501 (c) (3) non-profit corporation founded for the purpose of helping citizens with mental retardation and developmental disabilities and was incorporated on October 30, 1972, under the laws of the State of Louisiana. The Association operates a Day Developmental Work-Training Center and an Individual Family Support Services program. The day developmental work-training center trains the mentally and physically handicapped citizens of the parish who are 21 years of age and older. The areas of training are geared toward helping the individuals adjust to society. The Association also provides free transportation for all activities including daily instruction classes. The individual family support service provides twenty-four hour a day in-home care by trained workers and is available for mentally handicapped citizens of all ages.

In response to COVID-19 and as mandated by state and local authorities, the Association closed its day patient onsite services March 13, 2020 through May 3, 2021 (see Note 9).

Basis of Accounting and Financial Statement Presentation

The financial statements of the Association have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (US GAAP). US GAAP requires the Association to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Association. These net assets may be used at the discretion of the Association’s management and board of directors.

Net assets with donor restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Association or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. The Association has net assets with donor restrictions related to the contributed use of its facility which is restricted as to time (see Note 5).

Donor restricted contributions are reported as increase in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Cash and Cash Equivalents

Cash consists of amounts held at financial institutions. For purposes of the statements of cash flows, the Association considers all highly liquid investments with initial maturity of three months or less to be cash equivalents. The Association had no cash equivalents as of June 30, 2021 and 2020. Cash designated for long-term purposes represents funds that the Association has earmarked for the construction of a new facility.

ST. JOHN ASSOCIATION FOR RETARDED CITIZENS, INC.

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

Contract Receivables

Contract receivables are stated at unpaid balances, less an allowance for doubtful accounts, if required. The Association provides for uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. The allowance for doubtful accounts was zero for each of the years ended June 30, 2021 and 2020.

Property and Equipment

All acquisitions of property and equipment in excess of \$500 and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are carried at cost.

Donations of property and equipment are recorded as contributions at fair value on the date of donation. Such donations are reported as an increase in net assets without donor restriction unless the donor has restricted the donated asset to a specific purpose.

Property and equipment are depreciated using the straight-line method over their estimated useful lives as follows:

Buildings and improvements	10-39 years
Land improvements	15 years
Equipment, furniture, and fixtures	5-20 years
Vehicles	5 years

Ad Valorem Tax

The citizens of St. John the Baptist Parish passed Proposition II on April 3, 1993. In 2012, Proposition II was renewed and will levy a one mill tax on all the property within the Parish for a period of ten years beginning with the year 2013 and ending with year 2022. The ad valorem funds are to be used for maintaining and operating the public building used to house mentally retarded persons (including payment of salaries and costs and conducting training programs for the mentally retarded and developmentally disabled citizens). See Note 11.

Revenue Recognition

The Association has adopted Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, as amended, as management believes the standard improves the usefulness and understandability of the Association's financial reporting.

Analysis of various provisions of this standard resulted in no significant changes in the way the Association recognizes revenue and, therefore, no changes to the previously issued reviewed financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with this standard.

ST. JOHN ASSOCIATION FOR RETARDED CITIZENS, INC.

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

The Association recognizes contributions received and made, including unconditional promises to give, as revenue in the period received or made. Contributions received are reported as either revenues without donor restrictions or revenues with donor restrictions. Contributions with donor restrictions that are used for the purpose specified by the donor in the same year as the contribution is received are recognized as revenues with donor restrictions and are reclassified as net assets released from restrictions in the same year.

Promises to contribute that stipulate conditions to be met before the contribution is made are not recorded until the conditions are met. There were no conditional promises to give received for the years ended June 30, 2021 and 2020.

The Association reports gifts of land, buildings, and equipment as revenue without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and the gifts of cash or other asset that must be used to acquire long-lived assets are reported as revenue with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Association reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Contributions of noncash assets as well as contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. See Note 5.

The majority of the Association's revenue is derived from contract revenue (DHH – Medicaid). Other revenue sources include Ad Valorem tax revenue, client contracts, contributed rent, client lunches and other miscellaneous income. The Ad Valorem tax, client contract income and contributions are non-exchange transactions that benefit the general public and are recognized when received.

The Contract revenues are earned over time based upon contractually determined hourly rates associated with attendant care and day habilitation services and day in-home care that are provided to the developmentally disabled citizens. The day habilitation services and day in-home care are billed on a weekly basis after the services are provided.

Compensated Absences

Salaried employees of the Association accrue leave time of one day for each operational month. Leave must be taken by June 30 each year or the leave time is lost. Accordingly, the financial statements do not include a provision for compensated absences.

ST. JOHN ASSOCIATION FOR RETARDED CITIZENS, INC.

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

Contributed Services and Contributed Rent

Members of the Association's board of directors and other volunteers have made significant contributions of their time to assist in the Association's operations and related charitable programs. The value of this contributed time is not recorded in these financial statements because it does not meet the criteria for recognition under US GAAP. The Association occupies a parish government owned building located at 101 Bamboo Street, Laplace Louisiana under an agreement with the St. John the Baptist Parish Council at no charge. The contributed rent is accounted for as an unconditional promise to give and is recorded at net present value. See Note 5.

Functional Expenses

Expenses are charged directly to management and general or program services in general categories based on specific identification. Indirect expenses have been allocated using the following methodologies: Salaries and employee-related expenses – time and effort; occupancy and other expenses – management's estimate of usage of the leased premises.

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Concentration of Credit Risk

The Association maintains cash in bank accounts in excess of insured limits periodically. The Association has not experienced any losses and does not believe that significant credit risk exists as a result of this practice.

Income Taxes

The Association is exempt from income tax under IRC section 501(c)(3), though subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. The Association has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. The Association has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

Payroll Protection Program Funding

The Foundation elected to record the proceeds received under this program in accordance with FASB ASC 470 resulting in the proceeds being reported as a financial liability upon receipt based on the terms as set forth with the financial institution. See Note 10.

ST. JOHN ASSOCIATION FOR RETARDED CITIZENS, INC.

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

Accounting Pronouncements Issued but Not Yet Adopted

In February 2016, the FASB issued ASU 2016-02, Leases. This accounting standard requires lessees to recognize assets and liabilities related to lease arrangements longer than 12 months on the balance sheet as well as additional disclosures. In July 2018, the FASB issued ASU 2018-11, Leases (Topic 842): Targeted Improvements, to simplify the lease standard's implementation. This ASU will be effective for the Association's year ending June 30, 2022.

On September 17th, the FASB issued ASU 2020-07 on Topic 958, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. This ASU requires nonprofits to change their financial statement presentation and disclosure of contributed nonfinancial assets, or gifts-in-kind. The FASB issued the update in an effort to improve transparency in reporting nonprofit gifts-in-kind. The FASB ASU requires the new standard to be applied retrospectively, with amendments taking effect for the Association's year ending June 30, 2022.

The Association is currently evaluating the impact these pronouncements will have on the financial statements.

2. Liquidity and Availability

The table below presents the Association's financial assets available for general expenditures within one year at June 30:

	<u>2021</u>	<u>2020</u>
Total assets:	\$ 4,964,422	\$ 5,221,577
Less: non-financial assets		
Unconditional promise to give	59,476	100,451
Property and equipment, net	3,066,318	2,304,770
Financial assets available for general expenditures over the next 12 months	<u>\$ 1,838,628</u>	<u>\$ 2,816,356</u>

The financial state of the Association is overseen by its board of directors. The Association's goal is to maintain financial assets that will meet three months operating expenses. The financial assets of the Association are held in savings or other-interest bearing accounts. In addition, the Association has a \$50,000 line of credit available to meet cash flow needs. See Note 4 and Note 11.

The Association's board of directors has designated \$148,927 and \$1,132,088 for the years ended June 30, 2021 and 2020, respectively, for the construction of a new facility.

ST. JOHN ASSOCIATION FOR RETARDED CITIZENS, INC.

NOTES TO FINANCIAL STATEMENTS

3. Property and Equipment

Property and equipment consist of the following at June 30:

	<u>2021</u>	<u>2020</u>
Land	\$ 50,412	\$ 50,412
Leasehold improvements	45,900	45,900
Land improvements	39,449	39,449
Building and improvements	121,315	121,315
Equipment	121,816	117,946
Vehicles	326,040	308,002
Construction in progress	2,889,125	2,122,871
Total	<u>3,594,057</u>	<u>2,805,895</u>
Less: accumulated depreciation	<u>(527,739)</u>	<u>(501,125)</u>
Property and equipment, net	<u>\$ 3,066,318</u>	<u>\$ 2,304,770</u>

4. Line of Credit

The Association has an unsecured line of credit of \$50,000 with a variable interest rate based on current bank prime rate. The line of credit will continue until the Association or the lender terminates the agreement. At both June 30, 2021 and 2020, the balance on the line of credit was \$0 and the interest rate was 7%.

5. Contributed Rent

The Association occupies a parish government owned building located at 101 Bamboo Street, Laplace Louisiana under an agreement with the St. John the Baptist Parish Council at no charge. An asset related to the contributed use of the facility beginning with the year 2013 and through the period ending December 31, 2022 has been recorded at its net present value in the amount of \$59,476 and \$100,451 for the years ended June 30, 2021 and 2020, respectively, on the statement of financial position. A risk free rate of 2.5% was used to determine the present value for the year ended June 30, 2021 and 2020.

ST. JOHN ASSOCIATION FOR RETARDED CITIZENS, INC.

NOTES TO FINANCIAL STATEMENTS

6. Concentration

The Association receives approximately 62% and 67% of total revenue for the years ended June 30, 2021 and 2020, respectively, from the State of Louisiana, Department of Health and Hospitals.

7. Commitments on Construction Contracts

The Association has a contract with a construction company of approximately \$2,600,000 for the construction of a new facility of which approximately \$2,535,000 has been completed as of June 30, 2021. See further discussion in Note 11.

8. Capital Lease

The Association leases certain equipment under a capital lease expiring in July 2022. Accordingly, the equipment has been recorded as an asset at the present value of the minimum lease payments. Equipment held under the capital lease has a net book value of \$3,132 at June 30, 2021. Accumulated amortization on equipment held under the capital lease was \$13,949 at June 30, 2021. Minimum future lease payments under this lease are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 3,132

9. Outbreak of COVID-19

On March 11, 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a global pandemic, which continues to spread throughout the United States. The COVID-19 pandemic has negatively impacted the global economy and created significant volatility and disruption of financial markets. As described in Note 1, the Association had to close its day-patient onsite services from March 13, 2020 through May 3, 2021. While this had a negative impact on revenues, the Association continued to receive a reduced level of support through June 30, 2020. The closure has continued to impact the operational and financial performance of the Association through the fiscal year ended 2021.

10. Paycheck Protection Program

During the year ended June 30, 2020, the Association applied for and was approved for a \$86,407 loan under the Paycheck Protection Program administered by the Small Business Administration as part of the relief efforts related to COVID-19. The loan was included within long term liabilities on the statements of financial position as of June 30, 2020. The Association was granted full forgiveness of the loan on June 7, 2021 and the entire proceeds of the loan amount was recognized as revenue for the year ended June 30, 2021.

ST. JOHN ASSOCIATION FOR RETARDED CITIZENS, INC.

NOTES TO FINANCIAL STATEMENTS

11. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, November 30, 2022, and determined the following events occurred that require additional disclosure.

On August 29, 2021, Hurricane Ida struck the Louisiana gulf coast causing considerable damage to St. John Parish and surrounding areas. The Association experienced substantial damage to properties including vehicles, the existing building and the building which was under construction and included in construction in progress at June 30, 2020 and 2021. The operations have been temporarily relocated to 1st Baptist Church in St. John Parish at no cost to the Association. Due to the damage of the buildings and vehicles to transport clients, the Association anticipates reductions in billings and revenues in fiscal 2022 as compared to recent years as they are unable to be fully operational. In addition, the Association anticipates potential impairment of its property and equipment, but this estimate is unknown as of the report date. Net property and equipment as of June 30, 2021 was approximately \$3,066,000. As of June 30, 2022, net property and equipment was approximately \$2,850,000. The insured portion of property losses are estimated at approximately \$660,000. As of the date of the financial statements were available to be issued, proceedings with insurance companies were ongoing and approximately \$410,000 of insurance proceeds have been received. These amounts are not reflected in the June 30, 2021 financial statements.

In November 2022 Proposition II as discussed in Note 1, was renewed and will levy a one mill tax on all the property within the Parish for a period of ten years beginning with the year 2022 and ending with year 2032.

No events after this date have been evaluated for inclusion in the financial statements.

SUPPLEMENTAL SCHEDULE

ST. JOHN ASSOCIATION FOR RETARDED CITIZENS, INC.

**SUPPLEMENTAL SCHEDULE OF COMPENSATION, BENEFITS,
AND OTHER PAYMENTS TO AGENCY HEAD
YEAR ENDED JUNE 30, 2021**

Agency Head: Linda Lambert, Director of Day Program

<u>Purpose</u>	<u>Amount</u>
Salary	\$ -
Benefits - insurance	-
Benefits - retirement	-
Benefits - other	-
Car allowance	-
Vehicle provided by governance	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	-
Conference travel	-
Housing	-
Unvouched expenses	-
Special meals	-
Other	-

R.S. 24:513 (A) (3) requires reporting of the total compensation, reimbursements, and benefits paid to the agency head or chief executive officer. This law was further amended by Act 462 of the 2015 Regular Session which clarified that nongovernmental or not for profit local auditees are required to report only the compensation, reimbursements, and benefits paid to the agency head or chief executive officer paid from public funds. The Association is not required to report the total compensation, reimbursements, and benefits paid to the agency head as these costs are not supported by public funds.

See accompanying independent auditors' report.

INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of
St. John Association for Retarded Citizens, Inc.

We have performed the procedures enumerated below on the St. John Association for Retarded Citizens, Inc. (the Association), compliance with certain laws and regulations during the year ended June 30, 2021 included in the accompanying *Louisiana Attestation Questionnaire*, as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*. The Association's management is responsible for the compliance with these certain laws and regulations.

The Association, the Louisiana Legislative Auditor, and applicable state grantor agencies have agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the agreement which is to determine whether the Association complied with certain laws and regulations included in the accompanying *Louisiana Attestation Questionnaire*. This report may not be suitable for any other purpose. The procedures performed may not address all items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining the procedures are appropriate for their purposes.

The procedures and associated findings are as follows:

Federal, State, and Local Awards

1. Obtain the list of federal, state, and local government grant award expenditures for the fiscal year, by grant and grant year, from the Association's management.

No grants were received by the Association during the year ended June 30, 2021.

2. For each federal, state, and local grant award, randomly select six disbursements from each grant administered during the fiscal year, provided that no more than 30 disbursements would be selected.

Not applicable due to no grants were received by the Association during the year ended June 30, 2021.

3. Obtain documentation for the disbursements selected in Procedure 2. Compare the selected disbursements to supporting documentation, and report whether the disbursements agreed to the amount and payee in the supporting documentation.

Not applicable due to no grants were received by the Association during the year ended June 30, 2021.

4. Report whether the selected disbursements were coded to the correct fund and general ledger account.

Not applicable due to no grants were received by the Association during the year ended June 30, 2021.

5. Report whether the selected disbursements were approved in accordance with the Organization's policies and procedures.

Not applicable due to no grants were received by the Association during the year ended June 30, 2021.

6. For each selected disbursement made for federal grant awards, obtain the *Compliance Supplement* for the applicable federal program. For each disbursement made for a state or local grant award, or for a federal program not included in the *Compliance Supplement*, obtain the grant agreement. Compare the documentation for each disbursement to the program compliance requirements or the requirements of the grant agreement relating to activities allowed or unallowed, eligibility, and reporting; and report whether the disbursements comply with these requirements.

Not applicable due to no grants were received by the Association during the year ended June 30, 2021.

7. Obtain the close-out reports, if required, for any program selected in Procedure 2 that was closed out during the fiscal year. Compare the close-out reports, if applicable, with the Organization's financial records; and report whether the amounts in the close-out reports agree with the Agency's financial records.

Not applicable due to no grants were received by the Association during the year ended June 30, 2021.

Open Meetings

8. Obtain evidence from management that agendas for meetings recorded in the minute book were posted as required by Louisiana Revised Statute 42:11 through 42:28 (the open meetings law), and report whether there are any exceptions.

Not applicable due to the Association not being subject to open meetings law.

Budget

9. For each grant exceeding five thousand dollars, obtain the comprehensive grant budgets that the Association provided to the applicable federal, state or local grantor agency. Report whether the budgets for federal, state and local grants included the purpose and duration of the grants; and whether budgets for state grants also included specific goals, objectives, and measures of performance.

Not applicable due to no grants were received by the Association during the year ended June 30, 2021.

State Audit Law

10. Report whether the Association provided for a timely report in accordance with R.S. 24:513.

The Board did not meet this filing deadline in accordance with R.S. 24:513 for the year ended June 30, 2021.

11. Inquire of management and report whether the Association entered into any contracts that utilized state funds as defined in R.S. 39:72.1 A. (2); and that were subject to the public bid law (R.S. 38:2211, et seq.), while the Association was not in compliance with R.S. 24:513 (the audit law).

The Association's management represented that the Association did not enter into any contracts during the year ended June 30, 2021 that were subject to public bid law.

Prior-Year Comments

12. Obtain and report management’s representation as to whether any prior year suggestions, exceptions, recommendations, and/or comments have been resolved.

No prior suggestions, recommendations and/or comments were noted.

We were engaged by the Association to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in the *Government Auditing Standards* issued by the United States Comptroller General. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the Association’s compliance with the foregoing matters. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the Association and meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures.

The purpose of this report is solely to describe the scope of testing performed on the Association’s compliance with certain laws and regulations contained in the accompanying *Louisiana Attestation Questionnaire*, as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Postlethwaite & Netterville

Metairie, Louisiana
November 30, 2022

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Quasi-public Agencies)

9/23/22 (Date Transmitted)
Postlethwaite and Netherville (CPA Firm Name)
8550 United Plaza Blvd. Ste. 1001 (CPA Firm Address)
Baton Rouge, LA 70809 (City, State Zip)

In connection with your engagement to apply agreed-upon procedures to the control and compliance matters identified below, as of June 30, 2021 (date) and for the year then ended, and as required by Louisiana Revised Statute (R.S.) 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you.

Federal, State, and Local Awards

We have detailed for you the amount of federal, state, and local award expenditures for the fiscal year, by grant and grant year.

Yes [] No [] N/A [X]

All transactions relating to federal, state, and local grants have been properly recorded within our accounting records and reported to the appropriate state, federal, and local grantor officials.

Yes [] No [] N/A [X]

The reports filed with federal, state, and local agencies are properly supported by books of original entry and supporting documentation.

Yes [] No [] N/A [X]

We have complied with all applicable specific requirements of all federal, state, and local programs we administer, to include matters contained in the OMB Compliance Supplement, matters contained in the grant awards, eligibility requirements, activities allowed and unallowed, and reporting and budget requirements.

Yes [] No [] N/A [X]

Open Meetings

Our meetings, as they relate to public funds, have been posted as an open meeting as required by R.S. 42:11 through 42:28 (the open meetings law). **Note: Please refer to Attorney General Opinion No. 13-0043 and the guidance in the publication "Open Meeting FAQs," available on the Legislative Auditor's website to determine whether a non-profit agency is subject to the open meetings law.**

Yes [] No [] N/A [X]

Budget

For each federal, state, and local grant we have filed with the appropriate grantor agency a comprehensive budget for those grants that included the purpose and duration, and for state grants included specific goals and objectives and measures of performance

Yes [] No [] N/A [X]

Reporting

We have had our financial statements reviewed in accordance with R.S. 24:513.

Yes [X] No [] N/A []

We did not enter into any contracts that utilized state funds as defined in R.S. 39:72.1 A. (2); and that were subject to the public bid law (R.S. 38:2211, et seq.), while the agency was not in compliance with R.S. 24:513 (the audit law).

Yes No N/A

We have complied with R.S. 24:513 A. (3) regarding disclosure of compensation, reimbursements, benefits and other payments to the agency head, political subdivision head, or chief executive officer.

Yes No N/A

We have complied with R.S. 24:515.2 regarding reporting of pre- and post- adjudication court costs, fines and fees assessed or imposed; the amounts collected; the amounts outstanding; the amounts retained; the amounts disbursed, and the amounts received from disbursements.

Yes No N/A

Prior-Year Comments

We have resolved all prior-year recommendations and/or comments.

Yes No N/A

General

We acknowledge that we are responsible for the Agency's compliance with the foregoing laws and regulations and the internal controls over compliance with such laws and regulations.

Yes No N/A

We acknowledge that we are responsible for determining that that the procedures performed are appropriate for the purposes of this engagement.

Yes No N/A

We have evaluated our compliance with these laws and regulations prior to making these representations.

Yes No N/A

We have provided you with all relevant information and access under the terms of our agreement.

Yes No N/A

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations.

Yes No N/A

We are not aware of any material misstatements in the information we have provided to you.

Yes No N/A

We have disclosed to you any communications from regulatory agencies, internal auditors, other independent practitioners or consultants, and others concerning noncompliance with the foregoing laws and regulations, including communications received during the period under examination; and will disclose to you any such communication received between the end of the period under examination and the date of your report.

Yes No N/A

We will disclose to you, the Legislative Auditor, and the applicable state grantor agency/agencies all known noncompliance and other events subsequent to the date of this representation and the date of your report that could have a material effect on our compliance with laws and regulations and the internal

controls with such laws and regulations, or would require adjustment or modification to the results of the agreed-upon procedures.

Yes No N/A

The previous responses have been made to the best of our belief and knowledge.

<u>Cherie Bourd</u>	Secretary	<u>9/26/22</u>	Date
<u>Betsy May</u>	Treasurer	<u>9-26-22</u>	Date
<u>Joel R. Comaf</u>	President	<u>9/26/22</u>	Date

To the Board of Directors of
St. John Association for Retarded Citizens

We have reviewed the financial statements of St. John Association for Retarded Citizens, a nonprofit organization, as of and for the year ended June 30, 2021, in accordance with *Statements on Standards for Accounting and Review Services* promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants and the standards applicable to review engagements contained in *Government Auditing Standards* issued by the United States Comptroller General. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

During our review of the Association's financial statements as of and for the year ended June 30, 2021, we became aware of the following matter that represents an opportunity for improving financial reporting and/or refining policies and procedures, including those that help ensure compliance with State law. The following paragraph summarizes our comments and suggestions regarding this matter. This letter does not affect our review report dated November 30, 2022 on the financial statements of the Association.

Non-compliance with State Audit Law

- Criteria: In accordance with R.S. 24:513, the Association must have their financial statements reviewed in a timely manner. The due date of the review report is six months after the Association's fiscal year end.
- Condition: The Association was required to have a review completed by the filing deadline of December 31, 2021 (six months after its fiscal year end) and the Board did not meet this filing deadline.
- Cause: The Association experienced significant disruptions to operations as well as loss of records due to the damage caused by Hurricane Ida in August 2021. Therefore, there was a delay in management's ability to obtain and provide information for the review procedures to be performed.
- Effect: The Association was granted an emergency extension with the Louisiana Legislative Auditor until March 31, 2022. There was no extension granted past that date, and therefore, the report was required to be submitted no later than March 31, 2022 resulting in the Association being non-compliant with reporting requirements of State law.
- Recommendation: The Association should ensure requested documentation is provided in a timely manner to allow sufficient time for the reviewer to complete their procedures in accordance with State Law and meet future deadlines.
- Management response: We will ensure that the requested documentation is provided in a timely manner in order to meet the filing deadline in accordance with State law. We have resumed operations as we are able and are working with an outsourced CPA to improve the timeliness of our closeout procedures.

Postlethwaite & Netterville