

COMPLIANCE AND OTHER GRANT INFORMATION

We performed tests of controls, as required by SAS Circular A-113, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements and amounts claimed or used for matching that are applicable to the aforementioned award programs. Our procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, we do not express such an opinion.

We noted a certain matter involving the internal control structure and its operation that we consider to be a reportable condition under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the Association's ability to administer federal award programs in accordance with applicable laws and regulations.

Findings:

The expenses for the various federal award programs are not segregated in the general ledger. The requests for reimbursements are prepared based on copies of purchase orders and invoices related to the individual program. As a result, the total expenses by program cannot be reconciled to the general ledger.

Recommendation:

Management should consider setting up separate departments within the general ledger for each federal award program. This would facilitate the preparation of the requests for reimbursement and would ensure that all expenses related to the various programs are reimbursed.

Response:

We will expand the general ledger to set up different departments which will address costs for grants with separate reporting requirements.

Example: Department 1 - Total Department (ARS Unlimited)
Department 2 - Natural Resources Grant

Invoices will be coded to these different departments.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that noncompliance with laws and regulations that would be material to a federal award program may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

NOTES TO FINANCIAL STATEMENTS

Note 9. Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or the expiration of time.

Purpose restrictions accomplished:	
Not Unlimited program -	
Projects with industry grant	\$ 45,333
Department of Natural Resources grant	43,170
Contributions	3,408
Residential Services program -	
Contributions	28
Respite Services program -	
Contributions	<u>3,185</u>
	\$ 92,124
Time restriction expired:	
Not Unlimited program -	
Expired portion of estimated useful lives of contributed property and equipment	<u>13,453</u>
Total restrictions released	<u>\$105,577</u>

Note 10. Mutual Classification of Expenses

Expenses incurred for the following:

	PROGRAM								Support, Management and
	Total	Not Included	Family Services	Independent Living	Residential Services	Respite Services			
Cost of sales	\$ 282,220	\$ 282,220	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
salaries, wages, benefits and payroll taxes	1,460,240	561,245	73,218	282,443	288,220	558,218	153,900	153,900	
Office and occupancy	282,220	282,220	4,220	18,217	133,247	28,218	21,220		
supplies and travel	228,710	123,111	3,211	4,704	88,220	8,220	24,220		
Services and professional fees	222,220	22,222	22,220	3,227	22,222	8,222	24,222		
depreciation	82,220	82,220	-	-	22,227	22,228	4,220		
Repairs and maintenance	22,220	22,220	372	3,222	22,222	2,222	4,222		
Interest	<u>21,222</u>	<u>3,222</u>			<u>2,222</u>	<u>24,222</u>			
	<u>\$2,222,112</u>	<u>\$1,022,122</u>	<u>222,122</u>	<u>222,122</u>	<u>222,122</u>	<u>222,122</u>	<u>222,122</u>	<u>222,122</u>	

NOTE TO FINANCIAL STATEMENTS

Note 12. Subsequent Event

The Family Services Coordination program was discontinued as of July 1994 due to the lack of appropriate funding.

Note 13. Fair Values of Financial Instruments

The Association's financial instruments, none of which are held for trading purposes, include cash, investments, and notes payable. The Association estimates that the fair value of all financial instruments at June 30, 1994, does not differ materially from the aggregate carrying values of the financial instruments recorded in the accompanying statement of financial position. The estimated fair value amounts have been determined by the Association using available market information and appropriate valuation methodologies. Considerable judgment is necessarily required in interpreting market data to develop the estimates of fair value, and accordingly, the estimates are not necessarily indicative of the amounts that the Association could realize in a current market exchange.

Note 14. Non-Cash Investing and Financing Activities

A capital lease obligation of \$3,000 was incurred during 1994 when the Association entered into a lease agreement for a new copy machine.



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**INDEPENDENT AUDITORS' REPORT ON INTERNAL
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 WITH GOVERNMENT PURCHASING STANDARDS**

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To The BOARD OF DIRECTORS of the
 IBERIA ASSOCIATION FOR RETARDED CITIZENS
 New Orleans, Louisiana

We have audited the financial statements of Iberia Association for Retarded Citizens, a nonprofit organization, for the year ended June 30, 1994, and have issued our report thereon dated September 13, 1994.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget (OMB) Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Institutions." These standards and OMB A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The management of Iberia Association for Retarded Citizens is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that conditions may become unfavorable because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

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 Institute of Certified Financial Planners

* A CPA is required by auditing Companies.

In planning and performing our audit of the financial statements of Florida Association for Retarded Citizens for the year ended June 30, 1988, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

We noted certain matters involving the internal control structure and the operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgement, would adversely affect the Commission's ability to record, process, summarize, and report financial data consistently with the assertions of management in the financial statements.

Fiduciary Checking Accounts

Findings:

Based on our inquiry of the controls regarding the fiduciary checking accounts maintained by IMRC for some of the clients, it was noted that there exists a lack of segregation of duties and an inadequate review process of the duties being performed. Also, it was noted that in some instances IMRC staff members signed the clients' names or physically assisted in the signing of the checks. In other instances, checks that were blank, other than the paper, were given to staff members who were not in charge of clients' accounts. The staff member would obtain client's signature and then fill in the appropriate amount.

Recommendation:

Several policies and procedures should be established and placed in operation to improve internal control policies and procedures regarding the fiduciary checking accounts. First, all clients must sign their own checks. If a client's signature is not legible, it must be witnessed by the director and the secretary via their signatures. Under no circumstances should a staff member of IMRC sign or assist in signing a client's name. Second, all clients' social security checks should be deposited by direct deposit. Third, all bank statements should be opened by the director and reviewed for reconciliations. The statements should be initiated by the director and given to the secretary to prepare the reconciliations. After the bank accounts are reconciled, a copy of the bank statements should be attached to each of the reconciliations and given to the director for written approval. The secretary should be responsible for filing and maintaining the bank statements and reconciliations. Finally, all checks should be written by the secretary and signed by the client at the time the client picks up the check. Under no circumstances should an unsigned check be given to any other staff members.

In the case of the Independent Living program where the director is in charge of the checking account, the review process should be performed by the director of Residential Services.

Purchasing Policy:

Finding:

During the course of the audit, it was noted that several invoices were not approved for payment, several invoices were not checked for accuracy, purchase orders were not always used and the receipt of the goods was not always evident. Also, it was noted that the duties of approving a purchase order for a program is not segregated from the approval of the invoice for payment, i.e. the person who orders the goods is the same one who approves the payment.

During our inquiry of the controls regarding purchasing, it was noted that many of the checks are written by the different programs rather than through the clearing account in the operating fund. There seems to be some inconsistency regarding the processing of invoices for payment, some invoices are received by the bookkeeper, while others are received by the individual programs. Also, the approval process for purchase orders requires two signatures, the director of the program and another undesignated person. The second person does not always have purchasing authority, i.e., bookkeeper and payroll clerk. There seems to be no guidelines as to when, how or from whom purchases are made to ensure competition among vendors and to ensure that TRC is receiving the best price possible.

Recommendation:

Several procedures should be placed in operation to improve internal control policies and procedures regarding the purchasing process. These procedures need to be included in a written purchase policy developed by the management of TRC. Guidelines need to be developed to ensure competition among vendors and to ensure that TRC is receiving the best price possible. Quotes should be obtained from vendors based on price ranges. All purchases other than routine monthly expenses should require an approved purchase order. Purchase orders should be approved by the program director, the executive director, or the board of directors based on established guidelines. When the mail is opened, the invoice should be segregated and delivered to the appropriate program personnel. The personnel within that program would then review and make the invoice and make it to the purchase order. The invoice and purchase order should be approved for payment under established guidelines. The invoice should then be given to the bookkeeper to post the expense and pay the invoice. Checks should not be written by the individual program unless the purchase is needed immediately.

Response:

We will develop a written purchase policy based on the above recommendations. All applicable personnel will be required to read and adhere to the policy, which should help alleviate any inconsistencies or deviations from the established guidelines. Individual program checking accounts will be treated as petty cash systems used only for emergency purchases.

NOTES TO FINANCIAL STATEMENTS

Note 7. Detail of program revenues

Program revenues include the following:

	Total	Program				
		Are Unlimited	Jointly Sponsored	Independent Livings	Restricted Services	Restricted Residences
NON-PROFIT	\$1,316,893	\$ 116,893	\$ 41,554	\$ 355,793	\$ 471,528	\$ 416,093
Office of Citizens with Developmental Disabilities	100,000	100,000	-	44,000	-	44,000
Voluntary Adult Services	116,793	116,793	-	-	-	-
Department of Health and Hospitals	10,000	-	10,000	-	-	-
State	110,000	110,000	-	-	-	-
CITIZEN SERVICES	117,093	1,000	-	4,528	141,528	16,093
Other residential Residences:						
Hornet Life	215,000	215,000	-	-	-	-
and various others						
Total	17,093	17,093	-	-	-	-
See Case Records Services	14,100	14,100	-	-	-	-
	<u>\$1,316,893</u>	<u>\$ 338,886</u>	<u>\$ 51,554</u>	<u>\$ 360,321</u>	<u>\$ 612,528</u>	<u>\$ 432,093</u>

Note 8. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following periods:

Are Unlimited program:	
Remaining unexpended useful lives of contributed property and equipment	<u>\$18,000</u>

assets are safeguarded against loss from unauthorized use or disposition, that transactions are accounted in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles, and that federal award programs are managed in compliance with applicable laws and regulations. Because of inherent limitations in any internal control structure, errors, irregularities, or instances of noncompliance may nevertheless occur and not be detected. Also, projection of any evaluation of the structure in future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies and procedures used in administering federal award programs in the following categories:

General requirements:

- Political activity
- Civil rights
- Cash management
- Federal financial reports
- Allowable cost/cost principles
- Drug-free workplace act
- Administrative requirements

Specific requirements:

- Types of services allowed
- Matching, level of effort, or cost-sharing
- Special reporting requirements
- Special costs and provisions
- Claims for advances and reimbursements
- Accounts claimed or used for matching

For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and determined whether they have been placed in operation, and we assessed control risk.

During the year ended June 30, 1998, Iberia Association for Recorded Citizens had no major federal award programs and expended 100 percent of its total federal awards under the following nonmajor programs:

- U.S. Department of Health and Human Resources/Passed through the State of Louisiana Department of Education Office of Special Educational Services
- U.S. Department of Education/Passed through the State of Louisiana Department of Social Services Office of Louisiana Rehabilitation Services "Projects with Industry"
- U.S. Department of Energy/Passed through the State of Louisiana Department of Natural Resources

Response:

In most cases, clients can sign their checks; however, if they cannot without some assistance, we will witness the signature as we do co-signers that are not legible via the signature of the director or secretary. For those clients that agree, their social security checks will be deposited by direct deposit. However, some clients wish to have their checks sent directly to them. In the Residential Services, all bank statements will be opened and examined by the director. Also, in the Residential Services program, the checks will be written by the secretary and the client will sign their check when they arrive at the office. The Director of Residential Services will review the fiduciary activities of the Independent Living program.

Billings and Contracts

Finding:

When performing the test of billings, it was noted that an incorrect billing rate was used for one client throughout the year. The spreadsheet developed to calculate billings was not reviewed for accuracy.

Recommendation:

Once the rates are entered in the spreadsheet, a designated person should review and agree the rates to the contract. All review processes should be evidenced by initials.

Response:

A review procedure based on the above recommendation has been established to ensure that the rates agree in the contract.

Finding:

During the performance of the test of billings, there were two instances of deviations from the contract that were not evidenced by written approval from the provider of the funding source. We contacted the funding source and obtained the appropriate documentation.

Recommendation:

All agreements and changes in agreements with outside funding sources should be evidenced by written approval.

Response:

We concur with the recommendation and have established the procedure to ensure that all agreements and changes in agreements with outside funding sources are evidenced by written approval.

Our consideration of the internal control structure policies and procedures used in administering federal awards would not necessarily disclose all weaknesses in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe that the reportable condition described above is not a material weakness.

This report is intended for the information of the Board of directors, management, all applicable Federal agencies, and those other governments from which financial statements are received. However, this report is a matter of public record and its distribution is not limited.

Brenstad, Park, Lewis & Orsini

New Iberia, Louisiana
September 12, 1994



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE STATEMENTS
 ON AN ASPECT OF FINANCIAL STATEMENTS PERFORMED IN
 ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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To the Board of Directors of the
 Iberia Association for Retarded Citizens
 807 Barker St., Louisiana

We have audited the financial statements of Iberia Association for Retarded Citizens (a nonprofit organization) as of and for the year ended June 30, 1994, and have issued our report thereon dated September 13, 1994.

We conducted our audit in accordance with generally accepted auditing standards, Government auditing standards, issued by the Comptroller General of the United States, and Office of Management and Budget (OMB) Circular A-133, "Audit of Institutions of Higher Education and Other Nonprofit Institutions." These standards and OMB A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to Iberia Association for Retarded Citizens is the responsibility of the Association's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of Association's compliance with certain provisions of laws, regulations, contracts, and grants. However, our objective was not to provide an opinion on overall compliance with such provisions. 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.

This report is intended for the information of the board of directors, management, all applicable Federal agencies, and those other governments from which financial assistance was received. However, this report is a matter of public record and its distribution is not limited.

Broussard, Pothier, Lewis & Brant

New Iberia, Louisiana
September 13, 1991

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IBERIA ASSOCIATION FOR
RETARDED CITIZENS
FINANCIAL REPORT
JUNE 30, 1996

under provisions of state law, this report is a public document. A copy of the report has been submitted to the auditor, or representative 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 July 11 1996

NOTES TO FINANCIAL STATEMENTS

NOTE 13. Fiduciary Funds

Residential Services acts as a fiduciary agent for its residents. Checking accounts are maintained for each resident in the homes. Deposits include the resident's social security benefits, their payroll checks if employed and miscellaneous gifts from family members. Disbursements consist of day-to-day living expenses and are based on the individual resident's needs. The balance in these checking accounts at June 30, 1998 was \$11,837. These funds are not included in the balance sheet of the Florida Association for Retarded Citizens.

NOTE 14. Concentration of Credit Risk

The Association maintains cash balances in excess of \$100,000 and time deposits in excess of \$100,000 in banks, which are insured by the Federal Deposit Insurance Corporation up to \$100,000 for cash balances and \$100,000 for time deposits. At June 30, 1998, the Association's uninsured cash balances totaled \$138,370.

The Association also receives a considerable amount of its total support and revenue from Medicaid for payments of medical services provided to clients. During the year ended June 30, 1998, the Association received \$1,314,061 from Medicaid, which is 43% of total revenues.

NOTE 15. Change in Accounting Method

During the fiscal year ended June 30, 1998, the Association adopted the provisions of Statement of Financial Accounting Standards (SFAS) No. 116, "Accounting for Contributions Received and Contributions Made" and SFAS No. 117, "Financial Statements for Not-for-Profit Organizations."

In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. Restricted net assets are reclassified to unrestricted net assets upon satisfaction of the time or purpose restrictions. As permitted by SFAS No. 116, the Association has retroactively applied the provisions of this statement. The adoption of SFAS No. 116 had no effect on the Association's change in net assets as of June 30, 1998.

Under 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. In addition, the Association is required to present a statement of cash flows. As permitted by this new statement, the Association has discontinued its use of fund reporting and has, accordingly, reclassified its financial statements to present the three classes of net assets required. This reclassification had no effect on the change in net assets for the year ended June 30, 1998.



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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
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To the Board of Directors of the
Iberia Association for Retarded Citizens
New Iberia, Louisiana

We have audited the financial statements of Iberia Association for Retarded Citizens, a nonprofit organization, as of and for the year ended June 30, 1994, and have issued our report thereon dated September 13, 1994.

We have applied procedures to test the compliance of Iberia Association for Retarded Citizens with the following requirements applicable to its Federal award programs, which are identified in the accompanying schedule of Federal awards, for the year ended June 30, 1994: political activity, civil rights, cost management, Federal financial reports, allowable costs/cost principles, drug-free workplace, and administrative requirements.

Our procedures were limited to the applicable procedures described in the Office of Management and Budget's "Compliance Supplement for Audits of Educational Institutions and Other Nonprofit Institutions." Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on Iberia Association for Retarded Citizens's compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of our procedures disclosed no material instances of noncompliance with the requirements listed in the second paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that Iberia Association for Retarded Citizens had not complied, in all material respects, with those requirements. Also, the results of our procedures did not disclose any immaterial instances of noncompliance with those requirements.



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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
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To the Board of Directors of the
 Iberia Association For Retarded Citizens
 New Iberia, Louisiana

We have audited the financial statements of Iberia Association for Retarded Citizens (a nonprofit organization) as of and for the year ended June 30, 1998, and have issued our report thereon dated September 13, 1998.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and Office of Management and Budget (OMB) Circular A-133, "Standards of Institutions of Higher Education and Other Nonprofit Institutions." These standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

In planning and performing our audit for the year ended June 30, 1998, we considered the internal control structure of Iberia Association for Retarded Citizens in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements of Iberia Association for Retarded Citizens and to report on the internal controls structure in accordance with OMB Circular A-133. This report addresses our consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to Federal award programs. We have addressed internal control structure policies and procedures relevant to our audit of the financial statements in a separate report dated September 13, 1998.

The management of Iberia Association For Retarded Citizens is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that

NOTES TO FINANCIAL STATEMENTS

Significant accounting policies:

Support and expenses:

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a donor 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 in the statement of activities as net assets released from restrictions.

Expenses are recorded when incurred in accordance with the accrual basis of accounting.

Investments:

Investments which consist of certificates of deposits, are presented in the financial statements at cost which approximates fair market value.

Inventory:

Inventory is stated at the lower of cost or market, with cost determined by the first-in first-out method.

Allowance for doubtful accounts:

The Association considers accounts receivable to be fully collectible accordingly, no allowance for doubtful accounts is required.

Property and equipment:

Purchased property and equipment is recorded at cost at the date of acquisition. Contributed property and equipment is recorded at fair value at the date of donation. In the absence of donor stipulations regarding how long the contributed assets must be used, the Association has adopted a policy of applying a time restriction on contributions of such assets that expires over the assets' useful lives. As a result, all contributions of property and equipment, and of assets contributed to acquire property and equipment, are recorded as restricted support. Depreciation is computed by the straight-line method at rates based on the following estimated useful lives:

	Years
Furniture and equipment	5 - 20
Building and improvements	10 - 50
Transportation equipment	3 - 5



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the
Iberia Association for Retarded Citizens
New Iberia, Louisiana 70561

March 14, 1995

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We have audited the accompanying statement of financial position of Iberia Association for Retarded Citizens (a nonprofit organization) as of June 30, 1994 and the related statement of activities 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 generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of OFFICE OF MANAGEMENT AND BUDGET CIRCULAR A-133, "Audits of Institutions of Higher Education and Other Nonprofit Institutions." These standards and OMB Circular A-133 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 Iberia Association for Retarded Citizens as of June 30, 1994, and the changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

An disclosure in Note 13 to the financial statements, in 1994 the Association changed its method of accounting for contributions and its method of financial reporting and financial statement presentation.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of Iberia Association for Retarded Citizens taken as a whole. The accompanying Schedule of Federal Awards is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

In accordance with Government Auditing Standards, we have also issued a report dated September 13, 1996, on our consideration of Iberia Association for Retarded Citizens's internal control structure and a report dated September 23, 1996, on its compliance with laws and regulations.

Brannard, Pelti, Lewis & Brand

New Iberia, Louisiana
September 13, 1996

INDIA ASSOCIATION FOR HONORABLE CITIZENS

STATEMENT OF FINANCIAL POSITION
JUNE 30, 1998

ASSETS

CURRENT ASSETS

Cash	\$ 300,013
Investments	175,360
receivables	45,050
Due from other agencies	228,700
Inventory	8,470
Prepaid expenses	8,430
Other current assets	<u>8,117</u>
Total current assets	\$ 774,140

FIXED ASSETS

Property and equipment, net	\$ 1,003,810
Total assets	<u>\$ 1,777,950</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 38,384
Accrued liabilities	48,820
current maturities of long-term debt	85,471
current portion of capital lease obligations	<u>5,021</u>
Total current liabilities	\$ 177,696

LONG-TERM LIABILITIES

long-term debt, less current maturities	\$ 518,188
capital lease obligations, less current portion	<u>12,021</u>
Total long-term liabilities	\$ 530,209
Total liabilities	\$ 707,905

NET ASSETS

Unrestricted	\$ 1,213,833
Temporarily restricted	<u>38,028</u>
Total net assets	\$ 1,251,861
Total liabilities and net assets	<u>\$ 1,704,816</u>

See Notes to Financial Statements.

ISRAEL ASSOCIATION FOR RETIRED CITIZENS

STATEMENT OF ACTIVITIES
 Year ended June 30, 1988

	Unrestricted	Temporarily Restricted	Total
REVENUES AND OTHER SUPPORT:			
Contributions	\$ 21,882	\$121,800	\$ 143,682
Program revenues	2,329,559	-	2,329,559
Interest revenue	18,223	-	18,223
Membership revenue	2,470	-	2,470
Miscellaneous revenue	12,180	-	12,180
Net assets released from restrictions:			
Satisfaction of program restrictions	82,124	(82,124)	-
Expiration of time restrictions	12,602	(12,602)	-
Total revenues and other support	<u>\$ 2,586,818</u>	<u>\$ 3,800</u>	<u>\$ 2,590,618</u>
EXPENSES:			
Aid Unlabeled program	\$ 1,684,782	\$ -	\$ 1,684,782
Family Services program	121,488	-	121,488
Independent Living program	221,789	-	221,789
Social/Health Services program	421,274	-	421,274
Respite Services program	228,482	-	228,482
Management and general	288,420	-	288,420
Total expenses	<u>\$ 2,984,225</u>	<u>\$ -</u>	<u>\$ 2,984,225</u>
Change in net assets	\$ 128,488	\$ 3,800	\$ 132,288
Net assets at beginning of year	2,102,028	28,288	2,130,316
Net assets at end of year	<u>\$ 2,230,516</u>	<u>\$ 32,088</u>	<u>\$ 2,262,604</u>

See NOTES to Financial Statements.

THEBIA ASSOCIATION FOR RETARDED CITIZENS

STATEMENT OF CASH FLOWS
Year ended June 30, 1984

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 128,708
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	60,649
Increase in receivables	(44,648)
Decrease in due from other agencies	74,273
Decrease in inventories and prepaids	399
Decrease in other current assets	8,343
Decrease in accounts payable	(26,457)
Decrease in accrued liabilities	(18,007)
Decrease in due to other agencies	<u>(28,127)</u>
Net cash provided by operating activities	\$ <u>205,490</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of equipment	\$ (248,897)
Purchase of investments	<u>(177,843)</u>
Net cash used in investing activities	\$ <u>(426,740)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from issuance of long-term debt	\$ 63,303
Principal payments on long-term debt	(84,248)
Principal payments on lease obligations	<u>(14,582)</u>
Net cash used in financing activities	\$ <u>(35,527)</u>
Net decrease in cash	\$ (66,797)
Cash at beginning of year	<u>312,713</u>
Cash at end of year	\$ <u>245,916</u>

See NOTES to Financial Statements.

NOTES TO FINANCIAL STATEMENTS

These leases have been capitalized in accordance with Financial Accounting Standards Statement No. 13. The following is a schedule by years of the future minimum lease payments under these capital leases together with the value of the net minimum lease payments as of June 30, 1996:

Year Ending	Total	Building	Copy Machines
1997	\$ 7,300	\$ 6,000	\$ 1,300
1998	7,300	6,000	1,300
1999	6,387	6,000	387
2000	6,000	6,000	-
2001	<u>2,500</u>	<u>2,500</u>	<u>-</u>
Total minimum lease payments	\$ 29,487	\$ 27,000	\$ 2,487
Less amount representing interest	<u>3,688</u>	<u>3,782</u>	<u>222</u>
Present value of net minimum lease payments	\$ 25,799	\$ 23,218	\$ 2,265
Less obligations under capital leases - current portion	<u>3,221</u>		
Obligations under capital leases, long-term	<u>\$ 22,578</u>		

Note 6. Operating Leases

The Association has entered into two noncancelable operating leases for vehicles. The following is a schedule of the future minimum lease payments under the operating leases as of June 30, 1996:

Year Ending	
1997	\$ 3,000

Rent expense for the year ended June 30, 1996 was 28,734.

Cash in Bank

Finding:

Deposits in financial institutions are insured by the Federal Deposit Insurance Corporation. The coverage is \$100,000 for each type of deposit. BANK maintains deposits in excess of the covered amounts. At June 30, 1994, the uninsured cash balances totaled \$293,770.

Recommendation:

Management should review and monitor this situation. Possible investing options should be researched and a decision made as to feasibility.

Response:

We agree with this recommendation and are researching the available options to invest all uninsured deposits.

A material weakness is a reportable condition in which the design or operation of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that could 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.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe that none of the reportable conditions described above is a material weakness.

This report is intended for the information of the board of directors, management, all applicable Federal agencies, and those other governments from which financial assistance was received. However, this report is a matter of public record and its distribution is not limited.

Bronson, Paul; Louis J. Brown

New Iberia, Louisiana
September 13, 1994

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NOTES TO FINANCIAL STATEMENTS

Compensated absences:

Employees of the Association earn one day of leave per month worked for a minimum of twelve days per fiscal year. Leave must be taken during the fiscal year and is not cumulative from one year to the next. Upon termination of employment for cause, an employee may be paid for the value of any accrued leave up to a maximum of 96 hours.

Donated services:

The Association receives donated services from unpaid volunteers who assist in program services during the year; however, these donated services are not reflected in the statement of activities because the criteria for recognition under SFAS No. 118 have not been satisfied.

Federal income taxes:

The Association qualifies for an exemption from federal income tax under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes is made in the accompanying financial statements.

Cash and cash equivalents:

For the purposes of the statement of cash flows, the Association considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Use of estimates:

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

Note 1. Due From Other Agencies

Due from other agencies at June 30, 1998 consisted of:

Due from U.S.S.D.	\$ 24,920
Due from Department of Health and Human Resources	1,379
Due from Department of National Resources	24,940
Due from Louisiana Rehabilitation Services	20,800
Due from Medicaid	100,250
Due from other facilities	<u>28,550</u>
	<u>\$ 210,839</u>

NOTES TO FINANCIAL STATEMENTS

Note 3. Property and Equipment

Property and equipment at June 30, 1996 consisted of:

	Historical Costs	Accumulated Value	Total
Land	\$ 54,585	\$ 21,750	\$ 148,331
Buildings and improvements	858,376	25,000	883,376
Furniture and equipment	298,372	3,480	298,852
Vehicles	324,333	40,004	407,247
Inventory	820		820
	<u>\$1,021,816</u>	<u>\$ 212,234</u>	<u>\$ 1,714,080</u>
Less accumulated depreciation	<u>(622,324)</u>	<u>(189,267)</u>	<u>(711,591)</u>
	<u>\$ 399,492</u>	<u>\$ 22,967</u>	<u>\$ 422,459</u>

Total depreciation expense for the year ended June 30, 1996 was \$89,600 of which \$9,000 was related to donated assets and \$80,600 was related to capital lease assets.

The Association has capital lease assets of \$28,829, included in equipment, and related accumulated amortization of \$1,664 which is included in accumulated depreciation.

Note 4. Long-Term Debt

Long-term debt at June 30, 1996 consisted of the following:

ACC Obligated:

Notes payable to Food River Credit, due in monthly installments of \$500, bearing interest at 9.50%, secured by chattel mortgage on 1995 Ford Bronco, maturing October 29, 1997.	1	8,424
Mortgage note payable to bank, due in monthly installments of \$96, bearing interest at 6.15%, secured by collateral mortgage on 434 Charles Street, maturing May 31, 2000.		14,829

NOTES TO FINANCIAL STATEMENTS

NOTE 4. Long-Term Debt (Continued)

Residential Services:

Mortgage note payable to bank, due in monthly installments of \$480, bearing interest at 9.00%, secured by collateral mortgage on the 240 Haven Home, maturing February 28, 1992. 12,280

Mortgage note payable to bank, due in monthly installments of \$484, bearing interest at 7.89%, secured by collateral mortgage on the KENNEDY HOME, MATURING August 31, 1994. 12,180

Mortgage note payable to bank, due in monthly installments of \$484, bearing interest at 7.89%, secured by collateral mortgage on the Seaside Home, maturing January 31, 1991. 48,828

Note payable to bank, due in monthly installments of \$188, bearing interest at 8.55%, secured by Charlot Mortgage on 1994 Chevrolet van, maturing July 15, 1999. 11,974

Note payable to bank, due in monthly installments of \$188, bearing interest at 8.55%, secured by Charlot Mortgage on 1994 Chevrolet van, maturing July 15, 1999. 11,974

Note payable to bank, due in monthly installments of \$197, bearing interest at 8.55%, secured by Charlot Mortgage on 1994 Chevrolet van, maturing July 15, 1999. 12,660

Respite Services:

Mortgage note payable to FNB, due in monthly installments of \$1,128, bearing interest at 8.12%, secured by collateral mortgage on the Respite Home, maturing April 15, 2024. 182,818

Mortgage note payable to FNB, due in monthly installments of \$113, bearing interest at 8.12%, secured by collateral mortgage on the Respite Home, maturing April 15, 2026. 28,688

NOTES TO FINANCIAL STATEMENTS

Note 4. Long-Term Debt (Continued)

Memo payable to bank, bearing interest at 8.00%, unsecured, maturing July 8, 1996.	\$ 0.00
	\$ 382,822
Less current maturities	(53,511)
Long-term debt, less current maturities	<u>\$ 329,311</u>

Aggregate maturities required on long-term debt, including interest of \$254,209, are as follows at June 30, 1994:

2000-20	
1997	\$ 79,742
1998	79,269
1999	82,881
2000	17,287
2001	38,745
Thereafter	<u>372,585</u>
	<u>\$ 1,113,509</u>

Cash paid for interest during the year ended June 30, 1994 was \$22,889.

Note 5. Capital Lease Obligations

The Association has entered into a noncancelable lease agreement for the acquisition of property including building and improvements. The lease provides for monthly payments of \$700 through January 2001.

Additionally, the Association has entered into a noncancelable lease agreement for the acquisition of a copy machine. The lease provides for monthly payments of \$187 through September 1999.

IBERIA ASSOCIATION FOR RETARDED CITIZENS

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Organization and Significant Accounting Policies

Nature of organization:

The Iberia Association For Retarded Citizens (the "Association") is a Louisiana nonprofit corporation chartered in August 1984. Its purpose is to promote the general welfare of mentally retarded, physically handicapped and incapacitated citizens in Iberia Parish and to aid their parents and families. The following is a description of the various programs.

Operating Fund

The operating fund is used to account for all financial transactions except those required to be accounted for separately by program.

Are Unrelated

Are Unrelated is a school for the mentally retarded citizens of the community.

Residential Services

Residential Services provides three homes for mentally retarded adults.

Respite Services

Respite Services allows parents and guardians of the mentally retarded to leave them for short periods of time.

Family Service Coordination

Family Service Coordination for infants/toddlers is a Family - Focus/Family - driven program with a primary goal of helping to empower and strengthen families who have infants/toddlers with special needs.

Independent Living

The Association supervises mentally retarded adults that live in Village De Sade Apartments. These clients require considerably less care than clients living in the residential homes.

The accompanying financial statements of the Association have been prepared on the accrual basis of accounting.