



Association for Retarded Citizens • Baton Rouge

February 12, 1988

Hewitson, Weymouth & Carroll, L.L.P.
2025 United Plaza Boulevard, Suite 200
Baton Rouge, LA 70808

Gentlemen:

This is in response to the memo dated February 9, 1988, we jointly received from the Legislative Auditor regarding the timely submission of The Arc Baton Rouge audit.

To the best of my understanding, the delay was due to complications resulting from new federal audit requirements coupled with multiple deadlines for financial information and reports. Steps have been undertaken on our part to alleviate these deadlines.

I trust that this will fulfill the request for further explanation. However, please feel free to call us if you should have any additional questions.

Sincerely,

A handwritten signature in cursive script, appearing to read "Barry K. Meyer".

Barry K. Meyer
Executive Director

BAM:ms

HAYTHORN, WATMOUTH & CARROLL, L.L.P.

W. CAROL CARROLL, C.P.A.
ROBERT W. WATMOUTH, C.P.A.
DAVID L. HAYTHORN, C.P.A.
J. CLAYTON FURBER, C.P.A.
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ROBERT W. WATMOUTH, C.P.A.



CERTIFIED PUBLIC ACCOUNTANTS

1000 LAFAYETTE SQUARE
SUITE 1000 - GREENWOOD TOWER
HOUSTON, TEXAS 77060-2000

January 30, 1998

ROBERT W. WATMOUTH, C.P.A.
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1000 LAFAYETTE SQUARE
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Report on Compliance and on Internal Control over Financial Reporting based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

**Board of Directors
Association for Retarded Citizens - Baton Rouge
Baton Rouge, Louisiana**

Gentlemen:

We have audited the financial statements of the Association for Retarded Citizens - Baton Rouge (ARC) as of and for the year ended June 30, 1997, and have issued our report thereon dated January 30, 1998. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the ARC's financial statements are free of material misstatements, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under Government Auditing Standards as described in the following paragraph.

The audit report is being submitted more than six months after year end as required by state law. The report was delayed because of untimely scheduling between this organization and the firm.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the ARC's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does

Association for Retarded Citizens - Baton Rouge
Notes to Financial Statements
June 30, 1997

Note 8-Investments (Continued)

Investment income from cash equivalents and investments is comprised of the following for the year ended June 30, 1997.

	Unrestricted	Temporarily Restricted	Total
Dividends and interest	\$42,319	\$17,183	\$59,502
Net unrealized gains (loss)		<u>1,481</u>	<u>1,481</u>
Total	<u>\$42,319</u>	<u>\$18,664</u>	<u>\$60,983</u>

Note 4-Note Receivable

The Association sold facilities at Wayne Drive for \$57,000 in 1993 and is financing the sale. Terms are monthly installments of \$500, plus 9% interest per annum starting January, 2006.

Note 7-Property and Equipment

A summary of property and equipment at June 30, 1997 and June 30, 1996, is as follows:

	1997	1996
Buildings	\$1,385,637	\$1,356,919
Furniture and equipment	700,489	699,300
Drapery and carpets	13,899	13,899
Leasehold improvements	<u>5,631</u>	<u>5,631</u>
	2,075,256	2,075,649
Less depreciation to date	1,224,580	1,228,922
	752,300	806,129
Land	<u>219,997</u>	<u>219,997</u>
Property and equipment net	<u>\$972,297</u>	<u>\$1,026,126</u>

Note 8-Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following specific program services:

	1997	1996
Building fund	\$418,149	\$396,485

Note 9-Letter of Credit Agreement

The Organization has entered into a standby letter of credit agreement with a financial institution for \$65,000 at an interest rate of 11.2%. As of June 30, 1997, no funds have been drawn on the letter of credit.

Association for Retarded Citizens - Bates House
Notes to Financial Statements
June 30, 1997

Note 4-Pension Plan (Continued)

D. Amount of Retirement Income (Continued)

defined to be service as a participant under any plan of the employer after meeting the eligibility requirements. Service prior to an employee's enrollment date shall be excluded for any employer who failed to become a participant when first eligible.

E. Vesting or Termination of Employment

If a participant terminates his employment with three years of service he will receive retirement income, beginning at age 65, or earlier retirement date, if elected, based on his years of service and compensation prior to his termination of employment.

F. Employer Contributions

Employers are not required to contribute toward the cost of the pension plan.

G. Normal Retirement Date

Participants may retire on the first day of the month coincident with or next following their 65th birthday.

H. Early Retirement

Participants may retire between ages 55 and 65. The benefit is reduced 1/15 for each of the five years prior to the normal retirement date and 1/30 for each of the next five years.

In addition to pension benefits, the entity provides employees an opportunity to participate in a defined compensation plan offered through Mutual of America. The entity does not guarantee these benefits. This plan is between Mutual of America and the employee and the entity serves only in an agency capacity.

Note 5-Investments

Investments in certificates of deposits are stated at cost and other investments are stated at market value as quoted by national publications. At June 30, 1997 and 1996, investments are as follows:

	1997	1996
Unrestricted		
Investments in certificates of deposit with maturities from six months to four years and interest rates from 5% to 6.75%.	\$685,000	\$280,000
Temporarily Restricted		
Investments in certificates of deposit with maturities from six months to two years and interest rates from 4.3% to 6.85%.	100,000	190,000
Federal Home Loan Mortgage Corp. with a yield of 7%	50,662	50,576
	\$835,662	\$520,576

Association for Retarded Citizens - Baton Rouge
Notes to Financial Statements
June 30, 1997

Note 4-Pension Plan (Continued)

Net pension cost for the year ended June 30, 1997, includes the following components:

Service cost - benefits earned during the period	\$112,210
Interest cost on projected benefit obligation	84,496
Actual return on plan assets	(76,893)
Net amortization and deferral	(20,243)
Net periodic pension cost	<u>99,570</u>

The weighted-average discount rate and rate of increase in future compensation levels, used in determining the actuarial present value of the projected benefit obligation, was 7.5 percent in 1997 and 1996. The expected long-term rate of return on assets was 7.5 percent.

B. Actuarial Methods and Assumptions

Retirement and death benefits	Aggregate cost method
Disability annuity credits	One year term cost
Assumptions	
Retirement age	Age 65. For employees over 65, immediate retirement is assumed
Mortality rates before retirement	1983 Group Annuity Mortality Table projected to 1988 by scale II and set back four years for both males and females
Interest rate	7.50 percent per year, net after fund charge
Pre-retirement expense loading	Annual estimated administrative charge
Pre-retirement expense loading	2.5% of estimated cost of annuity
Social Security wage base increase	6% per year
Cost of living supplement increase	4% per year

C. Eligibility for Participation

Former participants of any plan of Mutual of America are eligible immediately if over age 21. If not a former participant, eligible after 1 year of service and attainment of age 21.

D. Amount of Retirement Income

The amount of yearly income at age 65 equals 1.0 percent of the final average salary times credited service (no maximum), plus 3/4 percent of any excess of the final average salary over the social security average years wage times credited service (maximum 25 years) offset by all annuities accrued under any prior plan underwritten by Mutual of America. Credited Service (years and 1/12ths) is

Association for Retarded Citizens - Baton Rouge

Notes to Financial Statements

June 30, 1997

Note 3-Designated Unrestricted Net Assets

Unrestricted net assets at June 30, 1997 and June 30, 1996 have been designated for the following purposes:

	1997	1996
Metro Enterprises	\$4,023	\$4,023
Early Intervention Program	1,045	1,045
Routine care	<u>487</u>	<u>487</u>
	<u>\$5,555</u>	<u>\$5,555</u>

Note 4-Pension Plan

The Association has a pension plan which covers substantially all of its employees who meet eligibility requirements. Benefits under the plan are generally based on the employee's compensation during the highest five consecutive calendar years' salary during the last ten completed calendar years of service before retirement. The pension plan is funded in accordance with the requirements of the Employee Retirement Income Security Act of 1974.

Pension expense was \$109,018 for the year ended June 30, 1997 and \$83,905 for the year ended June 30, 1996. The following information is presented as of June 30, 1997.

	1997	1996
Number of participants:		
Active under age 65	106	89
Terminated vested	<u>47</u>	<u>45</u>
Total	<u>153</u>	<u>134</u>

The following table sets forth the plan's funding status and the amounts recognized in the Company's statements of financial position at June 30, 1997 as prepared by Mutual of America in accordance with FASB Statement No. 87.

A. Actuarial present value of benefit obligations:

Accumulated benefit obligation, including vested benefits of \$304,603	<u>\$714,125</u>
Projected benefit obligation for service rendered to date	\$1,285,257
Plan assets at fair value, primarily listed stocks and U. S. Bonds	<u>1,521,266</u>
Plan assets in excess of projected benefit obligation	236,039
Unrecognized net gain from past experience difference from that assumed and effects of changes in assumptions	(22,578)
Unrecognized net obligation at January 1, 1996 being recognized over 15 years	<u>14,066</u>
Prepaid pension cost included in prepaid expenses	<u>308,614</u>

Association for Retarded Citizens - Baton Rouge
Notes to Financial Statements
June 30, 1987

Note 2-Significant Accounting Policies (Continued)

E. Concentration of Credit Risk

Credit receivables have significant concentrations of credit risk in the governmental sector in the Baton Rouge, Louisiana area. At June 30, 1987 and June 30, 1986, the portion of these receivables related to this sector was approximately 80% and 87% respectively.

F. Inventory

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

G. Depreciation

Fixed assets are recorded at cost and depreciated using the straight-line method over their estimated useful lives.

H. Retirement Plan

The retirement plan is a defined benefit plan which covers substantially all full-time employees.

I. Income Taxes

The Association is exempt from income taxes under section 501(c)(3) of the Internal Revenue Code and is not classified as a private foundation.

J. Grant Contracts

The Association depends significantly on grant contract reimbursements to carry out its program activities. This revenue is disclosed as program revenue on the statement of support, revenue and expenses.

Grant revenue is recorded as related expenses are incurred, and the reimbursement requests are submitted to the grantor agency.

K. Functional Expenses

The Association allocates functional expenses primarily by specific identification of program expenses which include salaries of personnel assigned to specific programs. However, certain administrative salaries and related expenses and other general expenses are allocated using percentages which are adjusted annually. These percentages coincide with grant agreements and budgets.

L. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

M. Reclassifications

Certain reclassifications have been made to the 1986 financial statements to conform with the 1987 financial statement presentation.

Association for Retarded Citizens - Baton Rouge
Notes to Financial Statements
June 30, 1997

Note 1-Nature of Organization

The Association for Retarded Citizens (ARC) of Baton Rouge is a not-for-profit organization which promotes, develops, maintains, supports and directly provides services to improve the well being of people with disabilities and their families from East Baton Rouge and surrounding parishes. Funding to provide these services and programs are from Capital United Way Agency and various federal and state contracts and grants.

Note 2-Significant Accounting Policies

A. Cash and Cash Equivalents

For the purpose of statement of financial position presentation, cash equivalents are considered to be highly liquid investments with maturities of three months or less. At various times during the year cash and cash equivalents on deposit with one banking institution exceeded the \$100,000 insured by the Federal Deposit Insurance Corporation. Management monitors the financial condition of the financial institution on a regular basis, along with debt balances in cash and cash equivalents to minimize this potential risk.

B. Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the statement of financial position.

C. Support and Expenses

Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. The Association reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, unexpended restricted net assets are reclassified to unrestricted net assets and reported in the statement of activity as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

The Association reports gifts of goods and equipment as unrestricted support 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 gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long these 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.

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

D. Uncollectible Revenue

The Association considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made.

Community Life	Emergency	Core Community Service	Total Program Services	Community and Residential Services Association	Management, General and Other	1997 Totals	1996 Totals
502,296			\$2,488,562	\$20,824		\$2,509,186	\$2,322,912
841		(34)	294,621	1,821		296,472	294,407
860		171	196,283			196,283	231,919
665			109,019			109,019	85,975
1		617	141,749			141,749	121,512
		1,188	27,772			27,772	26,543
			82,906			82,906	81,612
			10,380			10,380	10,088
			71,208			71,208	75,009
		25	67,471			67,471	53,696
			17,685			17,685	16,718
			23,671			23,671	26,607
						13,825	
		301	13,623			13,623	8,768
			34,843			34,843	32,254
		77	25,325			25,325	22,976
						17,154	
		59	17,154			17,154	20,851
		1,915	63,825			63,825	55,598
		25	18,448	25		18,473	17,288
		238	18,342	332	\$465	19,119	14,194
		301	3,161			3,161	3,527
						499	
	\$47,136	(300)	48,836			48,836	63,515
					7,669	7,669	364
					\$0,840	\$0,840	\$9,811
<u>14,852</u>	<u>42,126</u>	<u>4,621</u>	<u>3,773,841</u>	<u>22,852</u>	<u>88,350</u>	<u>3,886,892</u>	<u>3,816,142</u>

Association for Retarded Citizens - Baton Rouge
Statements of Functional Expenses
Years Ended June 30, 1997 and June 30, 1996

	<u>Metro</u> <u>Enterprise</u> <u>Business</u>	<u>Metro</u> <u>Enterprise</u> <u>Rehabili-</u> <u>tation</u>	<u>Early</u> <u>Intervention</u> <u>Programs</u>	<u>Respite</u> <u>Care</u> <u>Programs</u>	<u>Vocational</u> <u>Services</u> <u>Placement</u>	<u>Louisiana</u> <u>Career</u> <u>Development</u> <u>Center</u>
Salaries	\$405,824	\$377,978	\$231,504	\$232,063	\$163,561	\$133,666
Payroll taxes	58,363	54,356	46,447	104,448	14,749	15,751
Employee health	8,575	37,809	38,973	61,165	14,678	13,994
Retirement plan	11,336	30,195	25,821	23,682	9,000	8,888
Professional services	3,139	9,689	119,119	12,426	1,100	1,327
Program supplies	347	3,134	3,850	15,408	1,221	764
Contract supplies	81,899	11				4,290
Rent expenses				6,180		4,399
Utilities	15,346	25,391	12,671	6,501	6,941	4,399
Maintenance and repairs	29,080	18,245	7,358	7,700	3,965	1,131
Insurance	1,687	9,321	3,888	1,358	1,143	420
Vehicle expenses	16,522	2,882		4,267		
Equipment rental and maintenance	3,635	3,967	2,036	2,638	688	458
Program transportation		34,843				
Office supplies and expenses	3,488	4,899	7,319	3,715	1,666	2,781
Don. subscriptions and publications	2,714	4,363	3,366	3,791	1,182	1,232
Travel, conferences and meetings	1,421	6,023	31,500	12,686	3,149	6,824
Telephone	2,891	3,698	4,507	4,045	2,914	1,267
Other expenses	4,363	3,893	5,548	1,598	494	730
Small equipment	667	126	790	1,188	6	52
Interest expense			5,588			379
Assistance to individuals						
Building expenses						
Depreciation						
Totals	\$523,752	\$523,291	\$326,450	\$371,221	\$228,512	\$211,901

The accompanying notes are an integral part of these statements.

Association of Retarded Citizens - Baton Rouge
 Statements of Cash Flows
 Years Ended June 30, 1997 and June 30, 1996

	1997	1996
Cash Flows From Operating Activities		
Increase (decrease) in net assets	(\$156,797)	(\$47,599)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	90,846	89,811
Loss of property junked	532	
Changes in operating assets and liabilities		
(Increase) decrease in accounts receivable	(27,014)	55,343
(Increase) decrease in accrued interest receivable	(1,753)	518
(Increase) decrease in inventory	3,169	(4,366)
(Increase) decrease in prepaid expenses	(43,763)	(14,563)
Increase (decrease) in accounts payable	(23,325)	17,099
Increase (decrease) in accrued expenses	(15,592)	204,142
Net cash provided by operating activities	(18,671)	200,562
Cash Flows From Investing Activities		
Purchase of property and equipment, net	(25,358)	(31,144)
Net cash used by investing activities	(25,358)	(31,144)
Cash Flows From Financing Activities		
Purchase of investments	(36,481)	(13,247)
Collections on notes receivable	1,694	893
Decrease in notes payable	—	(41,900)
Net cash used by financing activities	(34,787)	(54,254)
Net Increase (Decrease) in Cash and Cash Equivalents	(78,628)	115,161
Cash and Cash Equivalents, beginning of year	122,372	22,311
Cash and Cash Equivalents, end of year	<u>60,644</u>	<u>137,472</u>

The accompanying notes are an integral part of these statements.

Association of Retarded Citizens - Baton Rouge
Statements of Activities
Years Ended June 30, 1997 and June 30, 1996

	<u>1997</u>	<u>1996</u>
Expenses		
Program services		
Metro-Enterprises - Business	\$652,755	\$605,294
Metro-Enterprises - Rehabilitation	890,291	830,693
Early Intervention Programs	826,450	795,864
Respite Care Programs	907,221	750,863
Vacation Services - Job Placement	328,513	455,854
Louisiana Career Development Center	197,823	
Community Life	14,863	
Emergency	43,156	
Core Community Services	<u>4,691</u>	<u>7,285</u>
Total program services	3,375,861	3,459,913
Supporting services		
Management, general and other expenses	98,350	156,215
Community and Residential Services Association	<u>21,803</u>	<u> </u>
Total supporting services	<u>121,152</u>	<u>156,215</u>
Total expenses	3,496,992	3,616,148
Increase (Decrease) in Unrestricted Net Assets	<u>(173,661)</u>	<u>(68,221)</u>
Changes in Temporarily Restricted Net Assets		
Interest income	13,189	14,415
Appreciation (depreciation) of investments	<u>1,481</u>	<u>(1,735)</u>
Increase in temporarily restricted net assets	<u>14,669</u>	<u>12,680</u>
Increase (Decrease) in Net Assets	<u>(154,797)</u>	<u>(47,559)</u>
Net Assets, beginning of year	<u>2,767,281</u>	<u>2,814,840</u>
Net Assets, end of year	<u>2,612,484</u>	<u>2,767,281</u>

The accompanying notes are an integral part of these statements.

Association for Retarded Citizens - Baton Rouge
 Statements of Activities
 Years Ended June 30, 1997 and June 30, 1996

	1997	1996
Changes in Unrestricted Net Assets		
Revenue		
United Way	\$236,909	\$227,085
Contributions	11,436	19,743
Membership	<u>3,808</u>	<u>3,833</u>
Total revenue	<u>252,153</u>	<u>250,661</u>
Program revenue		
Office of Mental Retardation	1,319,066	1,308,626
Medicaid	823,864	776,312
Office of Community Services	384,947	383,271
Residential facilities	150,864	148,767
Department of Education	235,743	199,394
Job Training Partnership Act		54,829
Program services fee and other revenue	<u>4,825</u>	<u>9,403</u>
Total program revenue	<u>2,319,159</u>	<u>2,640,348</u>
Other revenue		
Sales and contract income	641,527	621,365
Interest income	42,319	41,848
Miscellaneous income	41,354	607
Community and Residential Services Association	<u>23,820</u>	<u> </u>
Total other revenue	<u>748,220</u>	<u>662,820</u>
Unrestricted Revenue and Support	3,721,532	3,555,827

(Continued)

The accompanying notes are an integral part of these statements.

Liabilities and Net Assets

	1997	1996
Liabilities		
Accounts payable	\$21,629	\$45,854
Accrued salaries	<u>85,569</u>	<u>104,161</u>
	<u>112,178</u>	<u>150,015</u>
Interfund loans		
Due to restricted funds	20,000	
Due from unrestricted fund	<u>(20,000)</u>	
	<u> </u>	
Total liabilities	<u>112,178</u>	<u>150,015</u>
Net Assets		
Unrestricted		
Undesignated	2,184,170	2,399,691
Designated	<u>8,365</u>	<u>8,365</u>
Total unrestricted	2,192,535	2,408,056
Temporarily restricted	<u>418,349</u>	<u>389,485</u>
Total net assets	2,610,884	2,797,541
	<u> </u>	<u> </u>
Total liabilities and net assets	<u>3,723,062</u>	<u>3,917,126</u>

Association for Retarded Citizens - Baton Rouge
 Statements of Financial Position
 June 30, 1997 and June 30, 1996

A s s e t s

	1997	1996
Current Assets		
Cash and cash equivalents		
Unrestricted	\$14,447	\$100,251
Temporarily restricted	<u>82,187</u>	<u>27,021</u>
	<u>96,634</u>	<u>127,272</u>
Receivables		
Accounts receivable	443,861	570,676
Notes receivable, short term	1,187	1,065
Interest receivable		
Unrestricted	3,430	2,754
Temporarily restricted	<u>3,385</u>	<u>2,388</u>
	<u>451,863</u>	<u>576,973</u>
Inventory	20,685	25,850
Prepaid expenses	<u>300,726</u>	<u>265,863</u>
	<u>321,411</u>	<u>291,813</u>
Total current assets	<u>880,858</u>	<u>1,095,918</u>
Noncurrent Assets		
Property, plant and equipment, net	<u>562,901</u>	<u>1,028,128</u>
Investments		
Unrestricted	625,000	590,000
Temporarily restricted	<u>241,657</u>	<u>240,176</u>
	<u>866,657</u>	<u>830,176</u>
Notes receivable, long term	<u>51,830</u>	<u>54,018</u>
Total noncurrent assets	<u>1,481,788</u>	<u>1,912,322</u>
Total assets	<u>2,362,646</u>	<u>2,008,240</u>

The accompanying notes are an integral part of these statements.

HANTHORN, WAYMOUTH & CARROLL, L.L.P.

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CERTIFIED PUBLIC ACCOUNTANTS

MEMBER FIRM OF THE
NATIONAL ASSOCIATION OF CERTIFIED PUBLIC ACCOUNTANTS
1000 N. W. 10th Street, Suite 1000, Fort Lauderdale, FL 33304

January 30, 1998

W. HANTHORN, CERTIFIED P.A.
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Independent Auditor's Report

The Officers and Board of Directors
Association for Retarded Citizens - Baton Rouge
Baton Rouge, Louisiana

Members of the Board:

We have audited the accompanying statements of financial position of the
Association for Retarded Citizens - Baton Rouge
Baton Rouge, Louisiana

as of June 30, 1997 and June 30, 1996, and the related statements of activities, cash flows, and functional expenses for the years 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 and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Association for Retarded Citizens - Baton Rouge as of June 30, 1997 and June 30, 1996, and the changes in its net assets and its cash flows for the years then ended, in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated January 30, 1998 on our consideration of the Association for Retarded Citizens, Baton Rouge's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Yours truly,

Hanthorn, Waymouth & Carroll, L.L.P.

**Association for Retarded Citizens - Baton Rouge
Baton Rouge, Louisiana**

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**Association for Retarded Citizens -
Baton Rouge
Baton Rouge, Louisiana
June 28, 1957**

Under provisions of 5050 law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date MAR 04 1958