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**INDEPENDENT AUDITORS' REPORT**

Board of Directors  
The ARC of Monroehouse  
Bastrop, Louisiana

We have audited the accompanying balance sheet of The ARC of Monroehouse (a nonprofit organization - the Organization) as of June 30, 1996, and the related statements of support, revenue, expenses, and changes in fund balances and functional expenses for the year then ended. These financial statements are the responsibility of the Organization'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, the standards for financial and compliance audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the *Louisiana Governmental Audit Guide* issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor. 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 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 the Organization as of June 30, 1996, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 29, 1996 on our consideration of the Organization's internal control structure and a report dated August 29, 1996 on its compliance with laws and regulations.

Supported Living	Residential Services		Early Intervention	Total
	East	Crossitt		
	Merchison	Reed		
\$ 3,327	\$ 2,774	\$ 6,882	\$ 8,568	\$ 24,999
688	842	183	47	2,348
676	822	946	51	4,496
3,251	14,299	12,576	72	29,698
10,786	9,695	9,689	501	25,619
38	6,798	3,899	4	11,472
6,237	2,917	3,697	1,074	49,566
634	1,468	3,031	63	6,989
50	47	48	4	338
17,046	11,839	8,877	166	26,809
353	338	599	32	1,299
3,384	3,859	3,177	254	12,768
183	388	187	15	828
88	18	8,633	1	8,696
184,901	122,668	180,263	1,873	638,994
3,158	3,844	4,597	104	22,520
732	742	788	28	3,027
3,483	1,888	3,333	267	7,431
160	35,835	28,286	276	97,348
3,172	1,298	3,313	888	8,880
3,436	6,409	5,784	588	19,849
<u>\$ 218,634</u>	<u>\$ 201,379</u>	<u>\$ 248,132</u>	<u>\$ 14,793</u>	<u>\$ 1,071,664</u>

**ARC OF MOREHOUSE  
BALANCE SHEET  
JUNE 30, 1996**

	Current Unrestricted Funds	Plant Fund	Total All Funds
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 82,266	\$ 0	\$ 82,266
Certificates of Deposit	160,838	0	160,838
Accounts Receivable	108,862	0	108,862
Interest Receivable	1,698	0	1,698
Due From Other Funds	305,131	400	305,531
Fixed Assets	0	568,314	568,314
Accumulated Depreciation	0	(307,907)	(307,907)
Other Assets	12,360	0	12,360
<b>TOTAL ASSETS</b>	<b>\$ 678,138</b>	<b>\$ 268,807</b>	<b>\$ 946,945</b>
 <b>LIABILITIES AND FUND BALANCE</b>			
<b>Current Liabilities</b>			
Accounts Payable	\$ 16,387	\$ 0	\$ 16,387
Vendor Pre Payable	3,182	0	3,182
Accrued Liabilities	17,022	0	17,022
Due To Other Funds	388,331	0	388,331
Notes Payable - Current	25,902	0	25,902
Total Current Liabilities	387,424	0	387,424
 <b>Long Term Liabilities</b>			
Notes Payable - Long Term	80,384	0	80,384
Total Liabilities	467,808	0	467,808
 <b>Fund Balance</b>			
Unrestricted	392,596	360,807	753,403
Total Fund Balance	392,596	360,807	753,403
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 678,138</b>	<b>\$ 268,807</b>	<b>\$ 946,945</b>

The accompanying notes are an integral part of this financial statement.

Board of Directors  
The ABC of Monksman  
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Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying financial information listed as Schedules in the accompanying Index is presented for purposes of additional analysis and is not a required part of the financial statements of the Organization. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

A handwritten signature in cursive script, appearing to read "R. J. Higgins".

Monroe, Louisiana  
August 28, 1996

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

**Board of Directors  
The ARC of Monroeville  
Bastrop, Louisiana**

We have audited the financial statements of The ARC of Monroeville (a nonprofit corporation - the Organization), as of and for the year ended June 30, 1994, and have issued our report thereon dated August 29, 1994.

We conducted our audit in accordance with generally accepted auditing standards, the standards for financial and compliance audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the *Louisiana Government Audit Guide* issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor. These standards 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 the Organization is the responsibility of the Organization's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Organization's compliance with certain provisions of laws, regulations, contracts and grants. However, the objective of our audit of the financial statements 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*.

## ARC OF MOREHOUSE

JUNE 30, 1994

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**ARC OF MOREHOUSE**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**JUNE 30, 1996**

	Local Fund	Adult Substitution (Bep) Program	Contract Services	Supported Employment
Consultants	\$ 0	\$ 316	\$ 0	\$ 8
Data Processing	0	491	0	47
Donor and Subscriptions	725	1,885	0	51
Food and Client Needs	835	1,594	3,477	38
Furniture	31	21,497	3,699	996
Interest	1,848	1,517	0	4
Maintenance	645	25,206	30	700
Miscellaneous	94	1,714	0	0
Office	0	40	140	28
Payroll Taxes and Fringe Benefits	0	15,548	4,177	1,695
Postage	22	388	0	27
Professional Fees	0	2,668	0	258
Public Awareness	7	323	0	15
Rent	0	15	0	1
Salaries	0	164,029	23,804	31,609
Supplies	118	2,716	80,899	62
Taxes and Licenses	58	790	0	5
Telephone	0	2,537	0	379
Traveling	0	3,867	0	6
Travel and Conferences	0	1,483	0	814
Utilities	142	4,933	0	374
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>\$ 3,800</b>	<b>\$ 228,351</b>	<b>\$ 79,422</b>	<b>\$ 28,964</b>

The accompanying notes are an integral part of this financial statement.

**ARC OF MOREHOUSE**  
**NOTES TO SCHEDULES OF FEDERAL AND STATE FINANCIAL ASSISTANCE**  
**FOR THE YEAR ENDED JUNE 30, 1994**

*General*

The Schedules of Federal and State Financial Assistance present all Federal and state assistance programs of the ARC of Morehouse (the Organization).

*Basis of Accounting*

The Schedules of Federal and State Financial Assistance are prepared on the accrual basis of accounting, which is discussed in Note 1 to the Organization's financial statements.

*Relationship to the Organization's Financial Statements*

The following table is presented to reconcile the Federal and state financial assistance received under various grant programs to the Organization's financial statements.

	Federal Financial Assistance	State Financial Assistance	Fees For Services	Total Intergovernmental Revenue
Adult Habilitation (Day) Program	\$ 0	\$ 119,583	\$ 44,545	\$ 264,128
Supported Employment	0	0	26,570	26,570
Support Living	0	6,833	289,218	296,051
East Morehouse Community Home	0	0	234,819	234,819
Crossin Road Community Home	0	0	244,286	244,286
Early Intervention	<u>79,923</u>	<u>1,221</u>	<u>0</u>	<u>81,144</u>
<b>TOTALS</b>	<b><u>\$ 79,923</u></b>	<b><u>\$ 120,804</u></b>	<b><u>\$873,128</u></b>	<b><u>\$ 1,073,901</u></b>



Board of Directors  
The ABC of Warehouse  
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This report is intended for the information of the Board of Directors and management of the Organization, its cognizant audit agency, other agencies granting funds to the Organization and the Legislative Auditor of the state of Louisiana. However, this report is a matter of public record and its distribution is not limited.

*Ruffin, Hoffman & Brown*

Monroe, Louisiana  
August 15, 1994

**ARC OF MIDDLEHOUSE  
STATUS OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED JUNE 30, 1996**

In connection with our audit of the Organization as of and for the year ended June 30, 1996, in accordance with Government Auditing Standards we have also reviewed the status of material prior year findings in our report dated August 23, 1996. The following table presents the status of those findings:

<u>Prior Year Finding</u>	<u>Current Year Status</u>
Improper Authorization of Transactions	Closed
Inadequate Segregation of Responsibilities	Closed

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OFFICE OF THE  
LEGISLATIVE AUDITOR  
STATE OF MISSISSIPPI  
JANUARY 1996

MISSISSIPPI LEGISLATIVE AUDITOR  
STATE OF MISSISSIPPI  
JANUARY 1996

# ARC OF MOREHOUSE

Financial Statements  
For the Year Ended 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 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 DEC 04 1996

**ABC OF BIDDINGHOUSE**  
**STATEMENT OF SUPPORT, REVENUES, EXPENSES**  
**AND CHANGES IN FUND BALANCE**  
**JUNE 30, 1996**

	<u>Current</u> <u>Unrestricted</u> <u>Fund</u>	<u>Fund</u> <u>Fund</u>	<u>Total</u> <u>All Funds</u>
<b>Revenue and Other Support</b>			
Intergovernmental Revenue	\$ 975,581	\$ 0	\$ 975,581
Program Receipts	897,712	0	897,712
United Fund	17,213	0	17,213
Donations	1,488	0	1,488
Memberships	5,075	0	5,075
Rent Income	5,480	0	5,480
Interest	10,552	0	10,552
Miscellaneous	2,889	0	2,889
Total Revenue and Other Support	<u>1,711,170</u>	<u>0</u>	<u>1,711,170</u>
<b>Expenses and Losses</b>			
Program Services			
Elder Programs	228,310	0	228,310
Counsel Services	73,422	0	73,422
Supported Employment	26,664	0	26,664
Supported Living	249,876	0	249,876
East Middlesex Community House	233,179	0	233,179
Clement Road Community House	248,132	0	248,132
Early Intervention	24,772	0	24,772
Total Program Services	<u>1,082,664</u>	<u>0</u>	<u>1,082,664</u>
Supporting Services			
Management and General	5,810	40,291	46,101
Total Expenses	<u>1,073,664</u>	<u>40,291</u>	<u>1,113,955</u>
Loss on Disposition of Assets	0	5,689	5,689
Total Expenses and Losses	<u>1,073,664</u>	<u>45,980</u>	<u>1,119,644</u>
<b>Change (Volatility) of Revenue and</b>			
<b>and Other Support Over Expenses</b>	637,506	(45,789)	591,717
<b>Fund Balance at Beginning of Year</b>	54,648	264,112	318,760
<b>Transfers</b>			
Equipment Acquired With Unrestricted Funds	(40,765)	49,363	8,598
Transfer In	30,178	0	30,178
Transfer Out	(20,172)	0	(20,172)
Total Transfers	<u>(30,764)</u>	<u>49,363</u>	<u>18,599</u>
<b>FUND BALANCE AT END OF YEAR</b>	<u>\$ 23,884</u>	<u>\$ 218,323</u>	<u>\$ 242,207</u>

The accompanying notes are an integral part of this financial statement.

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL  
CONTROL STRUCTURE BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT ACCOUNTING STANDARDS**

Board of Directors  
The ABC of Merchants  
Bastrop, Louisiana

We have audited the financial statements of The ABC of Merchants (a nonprofit corporation - the Organization), as of and for the year ended June 30, 1996, and have issued our report thereon dated August 28, 1996.

We conducted our audit in accordance with generally accepted auditing standards, the standards for financial and compliance audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the *Louisiana Governmental Audit Guide* issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Management of the Organization 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, and that transactions are executed in accordance with the Board'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 subjected 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.

**ARC OF MOREHOUSE**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 1996**

**Note 1 - Description of Organization**

The ARC of Morehouse (the Organization) is a nonprofit voluntary health and welfare organization chartered in 1958 to promote the general welfare of mentally retarded persons residing in Morehouse Parish.

**Note 2 - Summary of Significant Accounting Policies**

*A. Basis of Presentation*

The financial statements have been prepared on the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recognized when the related liabilities are incurred.

*B. Fixed Accounting*

All financial transactions have been recorded and reported by the following groups:

1. Unrestricted funds represent resources over which the board of directors has discretionary control and are used to carry out the operations of the Organization in accordance with its bylaws.
2. The Plant fund includes all fixed assets and related accumulated depreciation.

*C. Cash and Cash Equivalents*

The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

*D. Plant Assets*

Plant assets are recorded at historical cost. Maintenance and repairs of property and equipment are charged to operations and major improvements are capitalized. Upon retirement, sale or other disposition of property and equipment, the cost and accumulated depreciation are eliminated from the accounts and the gain or loss is included in operations.

**ARC OF MONTGOMERY**  
**SCHEDULE OF STATE FINANCIAL ASSISTANCE**  
**JUNE 30, 1998**

County/Program/Program Title	Grant Activities I.E.A. Number	State Award Amount	State Financial Assistance Current Year		Total State Revenue to June 30, 1998
			Revenue Recognized	Expenditures	
<b>Legislative Department of Health and Human Resources</b>					
<b>Office for Children With Developmental Disabilities</b>					
Early Intervention Program	800042	\$ 2,800	\$ 1,251	\$ 1,251	\$ 1,251
<b>Office for Children With Developmental Disabilities</b>					
Supported Living Program	800055	5,434	5,512	5,512	5,512
<b>Office for Children With Developmental Disabilities</b>					
Adult Habilitation (Day) Program	800447	<u>182,112</u>	<u>179,285</u>	<u>179,583</u>	<u>179,583</u>
<b>TOTAL STATE ASSISTANCE</b>		<b>\$ 179,000</b>	<b>\$ 186,048</b>	<b>\$ 186,336</b>	<b>\$ 186,336</b>

ARC OF MICHIGAN  
 SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE  
 JUNE 30, 1996

Federal Grants/Pass Through States/Program Title	C.F.D.A. Number	Federal Award Amount	Federal Fiscal Assistance Current Year		Total Federal Revenue to June 30, 1996
			Revenue Received	Expenditures	
Flow-Through Programs Department of Education Office of Special Educational Services Early Intervention Program	04-151	\$ 15,448	\$ 15,523	\$ 15,521	\$ 15,511
<b>TOTAL FEDERAL ASSISTANCE</b>		\$ 15,448	\$ 15,523	\$ 15,521	\$ 15,511

See Notes to Schedule of Federal and State Financial Statements



CONTINUOUS

	Supported Employment	Supported Living	Residential Services		Early Intervention	TOTAL
			East Manassas	Greenland Road		
\$	26,378	\$ 264,112	\$ 224,519	\$ 244,904	\$ 11,262	\$ 713,687
	0	0	26,471	5,683	0	32,154
	0	0	0	0	1,397	1,397
	0	0	0	0	0	1,485
	0	0	0	0	0	3,079
	0	0	0	0	0	3,488
	0	0	0	0	0	20,252
	0	0	0	89	0	1,344
	<u>26,378</u>	<u>264,112</u>	<u>249,990</u>	<u>250,593</u>	<u>12,659</u>	<u>727,171</u>
	0	0	0	0	0	228,915
	0	0	0	0	0	73,422
	26,264	0	0	0	0	26,264
	0	249,824	0	0	0	249,824
	0	0	238,179	0	0	238,179
	0	0	0	240,132	0	240,132
	0	0	0	0	14,770	14,770
	<u>26,264</u>	<u>249,824</u>	<u>238,179</u>	<u>240,132</u>	<u>14,770</u>	<u>729,069</u>
	0	0	0	0	0	3,828
	0	0	0	0	0	3,828
	<u>26,264</u>	<u>249,824</u>	<u>238,179</u>	<u>240,132</u>	<u>14,770</u>	<u>729,069</u>
	(294)	14,888	13,811	18,116	3,869	46,538
	(1,281)	81,916	(109,882)	(2,612)	29,091	94,448
	0	0	(7,874)	0	0	(48,964)
	88	2,248	0	0	0	86,111
	0	0	(1,876)	(222)	(26)	(28,111)
	<u>88</u>	<u>2,248</u>	<u>(1,876)</u>	<u>(222)</u>	<u>(26)</u>	<u>(48,964)</u>
\$	<u>(1,488)</u>	\$ <u>99,862</u>	\$ <u>(108,420)</u>	\$ <u>162</u>	\$ <u>23,524</u>	\$ <u>132,298</u>

**ARC OF MOREHOUSE  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 1996**

**Note 2 - Summary of Significant Accounting Policies (Continued)**

Depreciation of buildings and equipment is computed by the straight line method over the following estimated service lives:

	<u>Years</u>
Buildings and Improvements	20 - 30
Furniture and Equipment	3 - 10
Vehicles	5

**E. Revenues and Other Support**

Revenues received under governmental grant programs are recorded as revenues when the Organization has incurred expenditures in compliance with the specific restrictions. Donations are considered to be available for unrestricted use unless specifically restricted by the donor.

**F. Functional Expenses**

Expenses that can be identified with a specific program and support service are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated by various statistical bases.

**G. Programs**

The Organization's principal programs and primary funding sources are:

**Adult Habilitation (Day Program)** - The Adult Habilitation funds are used to train clients in vocational and pre-vocational activities and supportive services.

**Contract Services** - Contract Services income is derived from services by clients which include janitorial and other contracts.

**Supported Employment** - Supported Employment is set up to help the individual clients become more independent by providing support and training in their employment within the community.

**Supported Living** - Supported Living income is received from the Louisiana Department of Health and Hospitals. This program, similar to the Community Homes, helps the individual clients become more independent by providing support and training in their residences within the community.

SCHEDULE I

Supported Employment	Supported Living	Residential Services		Early Intervention	Total
		East Manchester	Crossitt East		
\$ 0	\$ 0	\$ 210	\$ 13	\$ 0	\$ 82,285
0	0	0	0	0	161,800
1,001	28,568	18,699	25,811	6,791	106,882
0	0	0	0	0	1,698
0	84,128	0	0	17,994	305,131
0	0	0	325	0	12,792
<u>\$ 1,001</u>	<u>\$ 112,696</u>	<u>\$ 18,699</u>	<u>\$ 26,049</u>	<u>\$ 24,685</u>	<u>\$ 678,118</u>
\$ 40	\$ 1,401	\$ 3,234	\$ 5,689	\$ 1,286	\$ 16,897
0	0	1,581	1,591	0	1,382
1,207	11,230	7,466	8,191	88	37,602
1,580	0	23,994	3,235	0	303,238
0	0	32,144	4,685	0	25,802
<u>2,847</u>	<u>13,631</u>	<u>45,429</u>	<u>16,309</u>	<u>1,374</u>	<u>387,424</u>
0	0	78,364	4,516	0	70,304
<u>2,847</u>	<u>13,631</u>	<u>124,793</u>	<u>20,825</u>	<u>1,374</u>	<u>471,226</u>
(1,848)	99,862	(105,824)	162	23,524	192,590
<u>(1,848)</u>	<u>99,862</u>	<u>(105,824)</u>	<u>162</u>	<u>23,524</u>	<u>192,590</u>
<u>\$ 1,001</u>	<u>\$ 182,488</u>	<u>\$ 18,808</u>	<u>\$ 26,049</u>	<u>\$ 24,685</u>	<u>\$ 670,118</u>

**ARC OF MOOREHOUSE  
COMBINING BALANCE SHEET  
CURRENT UNRESTRICTED FUNDS  
JUNE 30, 1996**

	<u>Local Fund</u>	<u>Adult Habilitation (Day) Program</u>	<u>Contract Services</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 85	\$ 81,987	\$ 0
Certificates of Deposit	181,830	0	0
Accounts Receivable	0	15,674	10,210
Interest Receivable	1,698	0	0
Due From Other Funds	0	200,000	0
Other Assets	<u>0</u>	<u>12,077</u>	<u>0</u>
<b>TOTAL ASSETS</b>	<b>\$ 163,613</b>	<b>\$ 312,747</b>	<b>\$ 10,210</b>
 <b>LIABILITIES AND FUND BALANCE</b>			
<b>Current Liabilities</b>			
Accounts Payable	\$ 89	\$ 2,126	\$ 1,512
Provider Fee Payable	0	0	0
Accrued Liabilities	0	8,273	2,980
Due To Other Funds	132,846	102,123	43,156
Notes Payable - Current	<u>3,627</u>	<u>4,828</u>	<u>0</u>
<b>Total Current Liabilities</b>	<b>137,562</b>	<b>117,947</b>	<b>48,628</b>
<b>Long Term Liabilities</b>			
Notes Payable - Long Term	<u>7,514</u>	<u>1,908</u>	<u>0</u>
<b>Total Liabilities</b>	<b>145,076</b>	<b>119,855</b>	<b>48,628</b>
<b>Fund Balance</b>			
Unrestricted	<u>18,537</u>	<u>192,892</u>	<u>(38,417)</u>
<b>Total Fund Balance (Deficit)</b>	<b>18,537</b>	<b>192,892</b>	<b>(38,417)</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 163,613</b>	<b>\$ 312,747</b>	<b>\$ 10,210</b>

**OTHER SUPPLEMENTAL INFORMATION**

**ARC OF MOREHOUSE  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 1996**

**Note 7 - Significant Concentrations of Credit Risk (Continued)**

grants and fees for services. Although management does not anticipate a material change in these revenues, there is a possibility that the continued funding of these revenues at current levels could be altered in the future.

**Note 8 - Disclosure About Fair Value of Financial Instruments**

The Organization has a number of financial instruments, consisting primarily of cash and cash investments, accounts receivable and notes payable. None of the financial instruments are held for trading purposes. The Organization estimates that the fair value of all financial instruments at June 30, 1996 does not differ materially from the aggregate carrying value of its financial instruments recorded in the accompanying balance sheet.

**ARC OF MOREHOUSE**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 1996**

**Note 4 - Notes Payable (Continued)**

The note payable to Mor Eouge State Bank (\$17,658) is an installment loan secured by two vans and financed for 36 months. Monthly installments are \$835, including interest at 5.5%.

The note payable to Hibernia Bank (\$6,634) is an installment loan secured by a vehicle and financed for 36 months. Monthly installments are \$487, including interest at 10%.

The aggregate principal payments of indebtedness maturing during the next five years are as follows: 1997 - \$25,382; 1998 - \$22,640; 1999 - \$12,052; 2000 - \$8,811; 2001 - \$9,182; 2002-07 - \$37,416.

Interest expense paid for the year ended June 30, 1996, was \$18,952.

**Note 5 - Lease Commitments**

The Organization leases one of its community homes under a one year renewable lease. The lease is cancellable upon 30 days written notice. The lease, in the monthly amount of \$808, provides that the Organization shall be responsible for routine maintenance and insurance.

**Note 6 - Related Party Transactions**

The Organization purchases food and supplies from businesses owned by two Board members. For the year ended June 30, 1996, the Organization incurred charges of \$28,538 for food bought from one of the businesses and \$233 in supplies from the other business. The Organization also incurred medical related charges at a Board Member owned business in the amount of \$1,841.

**Note 7 - Significant Concentrations of Credit Risk**

The Organization's cash and cash investments are held in multiple financial institutions located in the same geographic region. The balances are insured by Federal Deposit Insurance Corporation coverage of up to \$100,000 at each institution. At June 30, 1996, the uninsured portion of these cash and cash investments totaled \$25,863. Additionally, the Organization receives, directly or indirectly, approximately 80% of its revenues from the State of Louisiana through

**ARC OF MOREHOUSE  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 1996**

**Note 3 - Fixed Assets**

Fixed assets are recorded at cost when cost can be determined, and at estimated cost when cost is unknown. All donated assets have been recorded at fair value on the date of donation.

Fixed assets consisted of the following at June 30, 1996:

Buildings	\$ 181,151
Equipment	184,847
Vehicles	145,025
Improvements	<u>28,441</u>
Total	540,464
Less Accumulated Depreciation	<u>(1,907,907)</u>
Net Depreciable Assets	232,557
Land	<u>7,820</u>
Total Fixed Assets	<u>\$ 240,377</u>

**Note 4 - Notes Payable**

Notes Payable consisted of the following at June 30, 1996:

Premier Bank	\$ 28,698
Premier Bank	11,141
State of Louisiana - DIII	21,275
Met Rouge State Bank	17,628
Hibernia National Bank	<u>6,534</u>
TOTAL	<u>\$ 115,408</u>

The mortgage due Premier Bank (\$28,698) is an adjustable rate mortgage secured by real estate. The monthly installments are \$768, including interest at 7.5%.

The mortgage due Premier Bank (\$11,141) is an adjustable rate mortgage secured by real estate. The monthly installments are \$331, including interest at 12%.

The note payable to the State of Louisiana - DIII (\$21,275) is an installment loan which is unsecured and non-interest bearing. At present, no date has been established for repayment of the loan through DIII, which originated in 1985, but DIII is expected to start collection in 6 - 12 months.



ARC OF MOREHOUSE  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 1996

**Note 2 - Summary of Significant Accounting Policies (Continued)**

**Community Homes** - Community Homes' income is received from the Louisiana Department of Health and Hospitals. Clients pay a pro-rata share of the costs based on their income. This program provides clients with a home environment within the community and helps them become more independent citizens.

**Early Intervention** - Early Intervention's income is received from the Louisiana Department of Health and Hospitals, United Way and the Department of Education. This program provides training and therapeutic services to disabled infants.

**H. Tax-Exempt Status**

The Organization is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and, therefore, has no provision for Federal income taxes. Contributions to the Organization are tax deductible within the limitations prescribed by the Code.

**I. Accounting Pronouncements**

In June 1993, the Financial Accounting Standards Board issued Statements of Financial Accounting Standards No. 116, *Accounting for Contributions Received and Contributions Made* and No. 117, *Financial Statements of Not-for-Profit Organizations*. The Organization will adopt these standards effective July 1, 1996. Neither are expected to have a material impact on the Organization's financial position or results of operations.

**J. Accounting 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 disclosures of contingent assets and liabilities at the date of the financial statements. They may also affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

**ABC OF BORDERTOWN**  
**COMBINING STATEMENTS OF SUPPORT, REVENUES,**  
**EXPENSES AND CHANGES IN FUND BALANCE**  
**CURRENT UNRESTRICTED FUNDS**  
**JUNE 30, 1998**

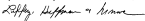
	Local Fund	Adult Habitat (Rural Program)	Contract Services
<b>Revenues and Other Support</b>			
Intergovernmental Revenues	\$ 0	\$ 204,128	\$ 0
Program Receipts	0	94,781	12,777
United Fund	150	5,600	0
Donations	1,455	0	28
Memberships	1,025	0	0
Rent Income	3,480	0	30
Interest	18,311	0	0
Miscellaneous	96	20	1,552
<b>Total Revenues and Other Support</b>	<u>34,517</u>	<u>308,549</u>	<u>14,987</u>
<b>Expenses</b>			
<b>Program Services</b>			
Day Program	0	228,933	0
Contract Services	0	0	13,420
Supported Employment	0	0	0
Supported Living	0	0	0
Rural Mentoring Community Home	0	0	0
Contract Rural Community Home	0	0	0
Early Intervention	0	0	0
<b>Total Program Services</b>	<u>0</u>	<u>228,933</u>	<u>13,420</u>
<b>Supporting Services</b>			
Local Fund	5,820	0	0
<b>Total Supporting Services</b>	<u>5,820</u>	<u>0</u>	<u>0</u>
<b>Total Expenses</b>	<u>5,820</u>	<u>228,933</u>	<u>13,420</u>
<b>Excess (Deficiency) of Revenues and and Other Support Over Expenses</b>	15,697	79,616	138
<b>Fund Balance (Deficit) at Beginning of Year</b>	(3,829)	14,683	(26,251)
<b>Transfers</b>			
Equipment Acquired with Unrestricted Funds	(1,795)	(20,292)	0
Transfers In	7,808	0	0
Transfers Out	0	(17,570)	(242)
<b>Total Transfers</b>	<u>6,013</u>	<u>(37,862)</u>	<u>(242)</u>
<b>FUND BALANCE (DEFICIT) AT END OF YEAR</b>	<u>\$ 12,500</u>	<u>\$ (28,247)</u>	<u>\$ (26,113)</u>

**Board of Directors  
The ARC of Missouri**

In planning and performing our audit of the financial statements of the Organization for the year ended June 30, 1996, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the 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.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a 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 errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operations that we consider to be material weaknesses as defined above.

This report is intended for the information of the Board of Directors and management of the Organization, its significant audit agency, other agencies granting funds to the Organization and the Legislative Auditor of the state of Louisiana. However, this report is a matter of public record and its distribution is not limited.



Moore, Louisiana  
August 29, 1996