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**NATCHITOCHESS ASSOCIATION FOR
RETARDED CITIZENS, INC.
ADULT HABILITATION PROGRAM AND
SHELTERED WORKSHOP**

ANNUAL FINANCIAL REPORT

JUNE 30, 1999

Under provisions of state 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 NOV 24 1999

Natchitoches Association for Retarded Citizens, Inc.
 Adult Habilitation Program and Sheltered Workshop
 Annual Financial Report
 June 30, 1999

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Natchitoches Association for Retarded Citizens, Inc.
Adult Habilitation Program and Sheltered Workshop
Annual Financial Report
June 30, 1999

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Johnson, Thomas & Cunningham

Certified Public Accountants

Eddie G. Johnson, C.P.A. - A Professional Corporation (1962-1996)

Mark D. Thomas, C.P.A. - A Professional Corporation

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Natchitoches Association for Retarded Citizens, Inc.
Natchitoches, LA 71457

We have audited the accompanying statement of financial position of Natchitoches Association for Retarded Citizens, Inc. (a nonprofit organization) as of June 30, 1999, and the related statements of activities, functional expenses, and cash flows 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.

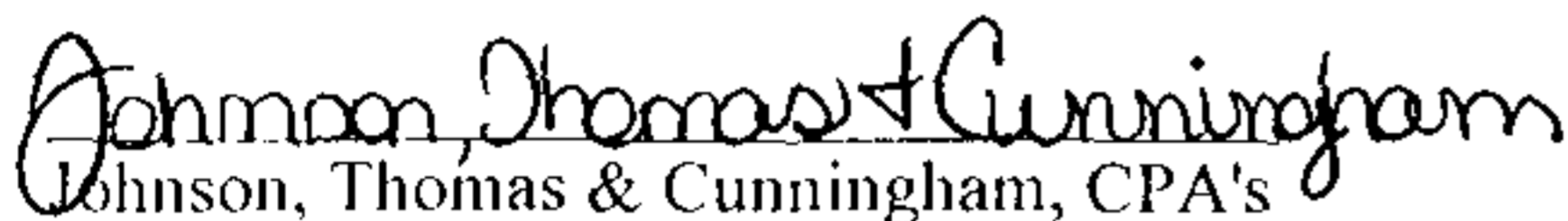
We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the 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 Natchitoches Association for Retarded Citizens, Inc. as of June 30, 1999, and the changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying financial information listed as "Supplementary Information" in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated 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 our report dated October 8, 1999, on our consideration of Natchitoches Association for Retarded Citizens, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

The financial statements for the preceding year, which are included for comparative purposes, were audited by other auditors who expressed an unqualified opinion on the statement of financial position, and the related statements of activities, functional expenses, and cash flows of the Natchitoches Association for Retarded Citizens, Inc. for the year ended June 30, 1998.


Johnson, Thomas & Cunningham, CPA's

October 8, 1999
Natchitoches, Louisiana

FINANCIAL STATEMENTS

Natchitoches Association for Retarded Citizens, Inc.
Adult Habilitation Program and Sheltered Workshop
Combined Statement of Financial Position
Year Ended June 30, 1999

ASSETS:	
Cash	\$ 68,575
Receivables	15,675
Plant and Equipment, Net of Accumulated Depreciation of \$50,078	<u>53,063</u>
Total Assets	<u>\$137,313</u>
LIABILITIES:	
Accounts Payable	\$ 1,116
Payroll and Payroll Taxes Payable	<u>2,040</u>
Total Liabilities	<u>\$ 3,156</u>
NET ASSETS:	
Unrestricted	\$ 85,367
Temporarily Restricted	<u>48,790</u>
Total Net Assets	<u>\$134,157</u>
Total Liabilities & Net Assets	<u>\$137,313</u>

The accompanying notes are an integral part of this statement.

Natchitoches Association for Retarded Citizens, Inc.
Adult Habilitation Program and Sheltered Workshop
Combined Statement of Activities
Year Ended June 30, 1999

UNRESTRICTED NET ASSETS:

Support-
Fees-

State of Louisiana, Department of Health and Hospitals, Office for Citizens with Developmental Disabilities	\$189,757
State of Louisiana, Department of Health and Hospitals, Title XIX	23,639
State of Louisiana, Department of Social Services - LRS Grant	3,156
Contract Work	26,762
Soft Drink Sales	20,551
Other	5,200
Net Assets Released from Restrictions- Federal Transit Administration Section 16 Depreciation on Restricted Vans	4,177
	<u>8,673</u>

Total Revenues, Gains, and Other Support \$281,915

Expenses:

Program Services	\$177,183
Management and General	<u>60,179</u>

Total Expenses \$237,362

Increase in Unrestricted Net Assets \$ 44,553

TEMPORARILY RESTRICTED NET ASSETS:

Federal Transit Administration Sec 16- Current Year Depreciation	\$ <u>(8,673)</u>
---	-------------------

Decrease in Temporarily Restricted Net Assets \$ (8,673)

Increase in Net Assets \$ 35,880

Net Assets-Beginning of Year 98,278

Net Assets-End of Year \$134,158

The accompanying notes are an integral part of this statement.

Natchitoches Association for Retarded Citizens, Inc.
Adult Habilitation Program and Sheltered Workshop
Combined Statement of Cash Flows
Year Ended June 30, 1999

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in Net Assets	\$ 35,880
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used In) Operating Activities-	
Depreciation	10,911
(Increase)/Decrease in Receivables	(3,756)
(Increase)/Decrease in Prepaid Assets	6,600
Increase/(Decrease) in Accounts Payable	433
Increase/(Decrease) in Payroll and Payroll Taxes Payable	<u>171</u>
Net Cash Provided By/(Used In) Operating Activities	<u>\$ 50,239</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of Equipment	\$(35,512)
Sale of Equipment	<u>6,668</u>
Net Cash Provided By/(Used In) Investing Activities	<u>\$(28,844)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	
Principal Payment on Note Payable	<u>\$(5,154)</u>
Net Cash Provided By/(Used In) Financing Activities	<u>\$(5,154)</u>
Net Increase/(Decrease) in Cash	\$ 16,241
Cash-Beginning of Year	<u>52,334</u>
Cash-End of Year	<u>\$ 68,575</u>

The accompanying notes are an integral part of this statement.

Natchitoches Association for Retarded Citizens, Inc.
Adult Habilitation Program and Sheltered Workshop
Combined Statement of Functional Expenses
Year Ended June 30, 1999

	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
COMPENSATION AND RELATED EXPENSES:			
Officers' Salaries	\$ 0	\$23,916	\$ 23,916
Client Salaries	13,322	0	13,322
Other Salaries	84,356	18,960	103,316
Payroll Taxes	6,527	3,309	9,836
Workman's Compensation Insurance	<u>0</u>	<u>3,200</u>	<u>3,200</u>
 Total Compensation and Related Expenses	 <u>\$104,205</u>	 <u>\$49,385</u>	 <u>\$153,590</u>
OCCUPANCY EXPENSES:			
Rent	\$ 18,000	\$ 0	\$ 18,000
Repairs and Maintenance	10,934	0	10,934
Utilities	<u>5,801</u>	<u>0</u>	<u>5,801</u>
 Total Occupancy Expenses	 <u>\$ 34,735</u>	 <u>\$ 0</u>	 <u>\$ 34,735</u>
TRANSPORTATION EXPENSES:			
Fuel & Oil	<u>\$ 5,738</u>	<u>\$ 0</u>	<u>\$ 5,738</u>
OTHER EXPENSES:			
Accounting	\$ 0	\$ 4,300	\$ 4,300
Depreciation	9,653	1,258	10,911
Food	1,129	0	1,129
Insurance	6,513	0	6,513
Recreation	350	0	350
Postage	0	172	172
Repairs and Maintenance-			
Building and Grounds	727	0	727
Equipment	544	0	544
Soft Drinks	3,549	0	3,549
Supplies-			
Office	0	2,016	2,016
Workshop	940	0	940
Telephone and Utilities	2,775	2,435	5,210
Travel	444	0	444
Other	5,881	375	6,256
Licenses	<u>0</u>	<u>238</u>	<u>238</u>
 Total Other Expenses	 <u>\$ 32,505</u>	 <u>\$10,794</u>	 <u>\$ 43,299</u>
 Total Functional Expenses	 <u>\$177,183</u>	 <u>\$60,179</u>	 <u>\$237,362</u>

The accompanying notes are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

Natchitoches Association for Retarded Citizens, Inc.
Adult Habilitation Program and Sheltered Workshop
Notes to Financial Statements
June 30, 1999

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Reporting Entity:

The Natchitoches Association for Retarded Citizens, Inc., is a quasi-governmental, nonprofit organization incorporated March 31, 1981, whose purpose is to promote the general welfare of the mentally retarded, to encourage research related to mental retardation, to advise and aid parents in the solution of their problems, to develop a better understanding of the problems of mental retardation by the public, to cooperate with all agencies and professional groups in the furtherance of these ends, to associate with and support financially the State and National Associations to promote the common cause, to serve locally as a clearinghouse for gathering and providing information regarding the mentally retarded, and to solicit and receive funds for the accomplishment of the stated purposes.

The Association's Adult Habilitation Program and Sheltered Workshop have adopted Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations." Under SFAS No. 117, the Association's Adult Habilitation Program and Sheltered Workshop are 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's Adult Habilitation Program and Sheltered Workshop are required to present a statement of cash flows. As permitted by this net statement, the Association's Adult Habilitation Program and Sheltered Workshop has discontinued its use of fund accounting and has, accordingly, reclassified its financial statements to present the three classes of net assets required.

The Association operates two separate divisions. One, the Adult Habilitation Program, receives funding from the State of Louisiana, Department of Health and Hospitals, Office for Citizens with Developmental Disabilities to provide adult day services for a minimum of 22 clients. The other division is the Natchitoches Sheltered Workshop. The Natchitoches Sheltered Workshop is totally self-supportive. Income to the Sheltered Workshop consists solely of revenues earned through contracts with private individuals and companies for the provision of services performed by the clients of the Workshop. No federal financial assistance of any type is received by the Natchitoches Sheltered Workshop.

2. Promises to Give:

Contributions are recognized when a donor makes a promise to give to the Association's Adult Habilitation Program and Sheltered Workshop that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are reported as increases in temporary or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Natchitoches Association for Retarded Citizens, Inc.
Adult Habilitation Program and Sheltered Workshop
Notes to Financial Statements
June 30, 1999

3. 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 those estimates.

4. Property, Plant, and Equipment:

Donations of property, plant, and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose.

Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. When donor stipulations are absent regarding how long those donated assets must be maintained, the Association's Adult Habilitation Program and Sheltered Workshop report expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Association's Adult Habilitation Program and Sheltered Workshop reclassify temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method.

5. Contributions:

The Association's Adult Habilitation Program and Sheltered Workshop have also elected, in 1995, to adopt SFAS No. 116, "Accounting for Contributions Received and Contributions Made". In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

6. Income Taxes:

The Natchitoches Association for Retarded Citizens, Inc.'s Adult Habilitation Program and Sheltered Workshop are exempt from income taxes under Internal Revenue Code Section 501(c)(3).

7. Cash:

Cash - includes not only currency on hand but also demand deposits with banks or other financial institutions and other kinds of accounts that have the general characteristics of demand deposits in that the customer may deposit additional funds at any time and also effectively may withdraw funds at any time without prior notice or penalty.

Natchitoches Association for Retarded Citizens, Inc.
 Adult Habilitation Program and Sheltered Workshop
 Notes to Financial Statements
 June 30, 1999

NOTE 2 RESTRICTIONS ON ASSETS

Restrictions on assets at June 30, 1999 relate to vans obtained by the Association through Section 16 of the Federal Transit Act which provides for capital grants for the specific purpose of assistance in providing transportation services to meet the special needs of elderly and disabled persons for whom mass transportation services are unavailable, insufficient, or inappropriate. The program is administered by the Louisiana Department of Transportation and Development. The vans obtained with these funds must be used for transportation services to the elderly and disabled within the Association's service area. The Department of Transportation and Development must be immediately notified if the equipment is not used in the aforementioned manner or if it is withdrawn from service. Disposition of the vehicle must have DOTD approval and must be in conformance with the provisions of OMB Circular A-102, Attachment N. Dispositions must be at current market value and a portion of the funds received must be returned in proportion to the original percentage of Federal funds contributed.

It is the policy of the Association's Adult Habilitation Program to amortize the asset restricted over its estimated useful life using the straight-line method.

NOTE 3 CASH

Cash is summarized as follows:

Petty Cash	\$ 100
Demand Deposit Accounts	17,027
Interest Bearing Accounts	<u>51,448</u>
Total	<u>\$68,575</u>

At June 30, 1999, the carrying amount of the Association's cash deposits was \$68,575 and the bank's balance was \$73,324. All of the bank's deposit balance was covered by federal deposit insurance.

NOTE 4 RECEIVABLES

The Natchitoches Association for Retarded citizens, Inc.'s Adult Habilitation Program entered into a contract on February 10, 1998 with the State of Louisiana, Department of Health and Hospitals, Office for Citizens with Developmental Disabilities to provide habilitation programming to a minimum of 22 clients during the period July 1, 1998 to June 30, 1999. At the end of each month, a payment requisition is forwarded to the Office of Community Services requesting payment for services provided to clients during the month ended.

Natchitoches Association for Retarded Citizens, Inc.
 Adult Habilitation Program and Sheltered Workshop
 Notes to Financial Statements
 June 30, 1999

Receivables at June 30, 1999 consisted of the following:

State of La., Department of Health and Hospitals Office for Citizens with Developmental Disabilities	\$12,399
State of La., Department of Health and Hospitals, Title XIX	<u>3,276</u>
Total	<u>\$15,675</u>

NOTE 5 PLANT AND EQUIPMENT

All plant and equipment are stated at historical cost. Depreciation is charged as an expense against operations and has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Furniture and Fixtures	7-10 years
Automobiles	5 years
Machinery and Equipment	5-7 years

A summary of plant and equipment at June 30, 1999, is presented below:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net</u>	<u>Depreciation This Year</u>
Furniture & Fixtures	\$ 26,079	\$24,173	\$ 1,906	\$ 1,013
Automobiles	60,707	11,917	48,790	8,672
Building & Equipment	<u>16,355</u>	<u>13,988</u>	<u>2,367</u>	<u>1,226</u>
Total	<u>\$103,141</u>	<u>\$50,078</u>	<u>\$53,063</u>	<u>\$10,911</u>

The Association's Adult Habilitation Program automobiles were partially funded by Urban Mass Transportation Capital Improvement Grants and are subject to the applicable restrictions described in Note 2.

Maintenance and repairs are charged to operations when incurred. Betterments and renewals are capitalized. When plant and equipment are sold or otherwise disposed of, the asset account and related accumulated depreciation account are relieved, and any gain or loss is included in activities.

NOTE 6 LEASE OBLIGATIONS

The Natchitoches Association for Retarded Citizens, Inc.'s Adult Habilitation Program and Sheltered Workshop rents its premises under an operating lease. The lease is for a one-year term ending on June 30, 2000 with an option for a one-year renewal.

Natchitoches Association for Retarded Citizens, Inc.
 Adult Habilitation Program and Sheltered Workshop
 Notes to Financial Statements
 June 30, 1999

Future minimum rental payments under this operating lease are \$18,000 for the fiscal year ended June 30, 2000.

The Natchitoches Association for Retarded Citizens, Inc.'s Adult Habilitation Program and Sheltered Workshop are not participating in any capital lease arrangements.

NOTE 7 EMPLOYEE RETIREMENT SYSTEMS

All employees of the Association's Adult Habilitation Program and Sheltered Workshop are protected by the Social Security System. All employees contribute 6.2% of their total salary to the system, while the Association's Adult Habilitation Program and Sheltered Workshop a like amount. For the year ending June 30, 1999 total contributions to the system were \$15,776 of which the Association's Adult Habilitation Program and Sheltered Workshop contributed \$7,888 and employees contributed \$7,888.

Total payroll covered by this system for the year ended June 30, 1999 was \$127,232. Any future deficit in this system will be financed by the United States Government. The Association's Adult Habilitation Program and Sheltered Workshop have no further liability to the system for the year ended June 30, 1999.

NOTE 8 COMPENSATED ABSENCES

The Association's Adult Habilitation Program and Sheltered Workshop employees are entitled to certain compensated absences based on their length of employment. Each salaried employee accrues leave according to the State Civil Service guidelines, based on length of service as follows:

<u>Full-Time Employment</u>	<u>Days Earned Per Year</u>
0-3 Years	12
3-5 Years	15
5-10 Years	18
10-15 Years	21
More Than 15 Years	24

These are considered personal leave days and may be used for any purpose the employee desires. No distinction is made between annual and sick leave. Leave earned in one fiscal year cannot be carried over to a subsequent year. Employees are also entitled to compensatory time on an hour-for-hour basis for approved overtime. Compensatory time not used in the fiscal period that it is earned cannot be carried over to the next fiscal year and will be forfeited.

Compensated absences do not vest or accumulate and are recorded as expenditures when they are paid.

Natchitoches Association for Retarded Citizens, Inc.
Adult Habilitation Program and Sheltered Workshop
Notes to Financial Statements
June 30, 1999

NOTE 9 LITIGATION

According to management, the Natchitoches Association for Retarded Citizens, Inc.'s Adult Habilitation Program and Sheltered Workshop were not involved in any litigation as of June 30, 1999.

NOTE 10 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

The Natchitoches Association for Retarded Citizens, Inc.'s Adult Habilitation Program entered into a contract with the State of Louisiana Department of Health and Hospitals, Office of Human Services to provide adult habilitation services. Transactions of the Association's Adult Habilitation Program were made in accordance with the requirements contained in *Formula Funding and Guidelines for Allowable Costs in Adult Habilitation Services Contracted with the Division of Mental Retardation and Developmental Disabilities*. All contract services invoiced under this contract were not recovered under any other contract.

NOTE 11 BOARD OF DIRECTORS

Members of the Board of Directors participate on a voluntary basis and receive no compensation for their services.

NOTE 12 DUE TO NARC, INC.

The Association's Adult Habilitation Program and Sheltered Workshop borrowed \$5,154 from NARC, Inc. to prepay the local match for a van being provided by the Louisiana Department of Transportation and Development. The Association's Adult Habilitation Program and Sheltered Workshop received the van during the year ended June 30, 1999. The Association's Adult Habilitation Program and Sheltered Workshop repaid all fund borrowed from NARC, Inc. during the year ended June 30, 1999.

NOTE 13 YEAR 2000 ISSUE

The year 2000 issue is a result of shortcomings in many electronic data-processing systems and other equipment that may adversely affect the government's operations as early as fiscal year 1999.

The Natchitoches Association for Retarded Citizens, Inc. uses a manual bookkeeping system and does not anticipate any year 2000 issue related problems

Because of the unprecedented nature of the year 2000 issue, its effects and the success of related efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that parties with whom the Association does business will be year 2000 compliant.

SUPPLEMENTARY INFORMATION

Natchitoches Association for Retarded Citizens, Inc.
Adult Habilitation Program and Sheltered Workshop
Adult Habilitation Program
Statement of Financial Position
Year Ended June 30, 1999
With Comparative Amounts from Year Ended June 30, 1998

	<u>1999</u>	<u>1998</u>
ASSETS:		
Cash	\$ 59,153	\$42,446
Receivables-		
State of Louisiana, Department of Health and Hospitals, Office for Citizens with Developmental Disabilities	12,399	9,822
State of Louisiana, Department of Health and Hospitals, Title XIX	3,276	2,097
Plant and Equipment, Net of Accumulated Depreciation for 1999 and 1998 of \$36,090 and \$43,194, respectively	50,696	32,776
Prepaid Assets	<u>0</u>	<u>6,600</u>
Total Assets	<u>\$125,524</u>	<u>\$93,741</u>
 LIABILITIES:		
Accounts Payable	\$ 661	\$ 199
Payroll Taxes Payable	725	752
Due to NARC, Inc.	<u>0</u>	<u>5,154</u>
Total Liabilities	<u>\$ 1,386</u>	<u>\$ 6,105</u>
 NET ASSETS:		
Unrestricted	\$ 75,348	\$57,087
Temporarily Restricted	<u>48,790</u>	<u>30,549</u>
Total Net Assets	<u>\$124,138</u>	<u>\$87,636</u>
Total Liabilities & Net Assets	<u>\$125,524</u>	<u>\$93,741</u>

Natchitoches Association for Retarded Citizens, Inc.
Adult Habilitation Program and Sheltered Workshop
Adult Habilitation Program
Statement of Activities
Year Ended June 30, 1999
With Comparative Amounts from Year Ended June 30, 1998

	<u>1999</u>	<u>1998</u>
UNRESTRICTED NET ASSETS:		
Support-		
Fees-		
State of Louisiana, Department of Health and Hospitals, Office for Citizens with Developmental Disabilities	\$189,757	\$172,333
State of Louisiana, Department of Social Services - LRS	3,156	0
State of Louisiana, Department of Health and Hospitals, Title XIX	23,639	21,112
Grant	26,762	19,077
Other	1,216	2,180
Net Assets Released from Restrictions-		
Federal Transit Administration Section 16 Depreciation on Restricted Vans	<u>8,673</u>	<u>6,514</u>
Total Revenues, Gains, and Other Support	<u>\$253,203</u>	<u>\$221,216</u>
EXPENSES:		
Program Services	\$152,298	\$141,207
Management and General	<u>55,730</u>	<u>54,014</u>
Total Expenditures	<u>\$208,028</u>	<u>\$195,221</u>
Increase in Unrestricted Net Assets	\$ <u>45,175</u>	\$ <u>25,995</u>
TEMPORARILY RESTRICTED NET ASSETS:		
Federal Transit Administration Sec 16 Current Year Depreciation	\$ <u>(8,673)</u>	\$ <u>(6,514)</u>
Decrease in Temporarily Restricted Net Assets	\$ <u>(8,673)</u>	\$ <u>(6,514)</u>
Increase in Net Assets	\$ 36,502	\$ 19,481
Net Assets-Beginning of Year	<u>87,636</u>	<u>68,155</u>
Net Assets-End of Year	<u>\$124,138</u>	<u>\$ 87,636</u>

Natchitoches Association for Retarded Citizens, Inc.
Adult Habilitation Program and Sheltered Workshop
Adult Habilitation Program
Statement of Cash Flows
Year Ended June 30, 1999
With Comparative Amounts from Year Ended June 30, 1998

	<u>1999</u>	<u>1998</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ 36,502	\$ 19,481
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used In) Operating Activities-		
Depreciation	9,685	7,453
(Increase)/Decrease in Receivables	(3,756)	2,775
(Increase)/Decrease in Prepaid Assets	6,600	1,577
Increase/(Decrease) in Accounts Payable	462	(328)
Increase/(Decrease) in Payroll Taxes Payable	<u>(27)</u>	<u>(478)</u>
Net Cash Provided By/(Used In) Operating Activities	<u>\$ 49,466</u>	<u>\$ 30,480</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Equipment	\$(34,273)	\$(27,254)
Sale of Equipment	<u>6,668</u>	<u>0</u>
Net Cash Provided By/(Used In) Investing Activities	<u>\$(27,605)</u>	<u>\$(27,254)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds From Note Payable	\$ 0	\$ 5,154
Principal Payment on Note Payable	<u>(5,154)</u>	<u>(8,177)</u>
Net Cash Provided By/(Used In) Financing Activities	<u>\$ (5,154)</u>	<u>\$ (3,023)</u>
Net Increase/(Decrease) in Cash	\$ 16,707	\$ 203
Cash-Beginning of Year	<u>42,446</u>	<u>42,243</u>
Cash-End of Year	<u>\$ 59,153</u>	<u>\$ 42,446</u>

Natchitoches Association for Retarded Citizens, Inc.
Adult Habilitation Program and Sheltered Workshop
Adult Habilitation Program
Statement of Functional Expenses
Year Ended June 30, 1999

	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
COMPENSATION AND RELATED EXPENSES:			
Officers' Salaries	\$ 0	\$23,916	\$ 23,916
Other Salaries	84,356	18,960	103,316
Payroll Taxes	6,527	3,309	9,836
Workman's Compensation Insurance	<u>0</u>	<u>2,950</u>	<u>2,950</u>
Total Compensation and Related Expenses	<u>\$ 90,883</u>	<u>\$49,135</u>	<u>\$140,018</u>
OCCUPANCY EXPENSES:			
Rent	\$ 18,000	\$ 0	\$ 18,000
Repairs and Maintenance	10,934	0	10,934
Utilities	<u>5,801</u>	<u>0</u>	<u>5,801</u>
Total Occupancy Expenses	<u>\$ 34,735</u>	<u>\$ 0</u>	<u>\$ 34,735</u>
TRANSPORTATION EXPENSES:			
Fuel & Oil	<u>\$ 5,738</u>	<u>\$ 0</u>	<u>\$ 5,738</u>
OTHER EXPENSES:			
Accounting	\$ 0	\$ 4,300	\$ 4,300
Depreciation	8,673	1,012	9,685
Insurance	6,513	0	6,513
Licenses	0	238	238
Telephone	0	941	941
Travel	266	0	266
Other	<u>5,490</u>	<u>104</u>	<u>5,594</u>
Total Other Expenses	<u>\$ 20,942</u>	<u>\$ 6,595</u>	<u>\$ 27,537</u>
Total Functional Expenses	<u>\$152,298</u>	<u>\$55,730</u>	<u>\$208,028</u>

Natchitoches Association for Retarded Citizens, Inc.
 Adult Habilitation Program and Sheltered Workshop
 Sheltered Workshop
 Statement of Financial Position
 Year Ended June 30, 1999
 With Comparative Amounts from Year Ended June 30, 1998

	<u>1999</u>	<u>1998</u>
ASSETS:		
Cash	\$ 9,422	\$ 9,888
Plant and Equipment, Net of Accumulated Depreciation for 1999 and 1998 of \$13,988 and \$12,763, Respectively	<u>2,367</u>	<u>2,353</u>
Total Assets	<u>\$11,789</u>	<u>\$12,241</u>
LIABILITIES AND NET ASSETS:		
LIABILITIES:		
Accounts Payable	\$ 455	\$ 483
Payroll Payable	<u>1,315</u>	<u>1,116</u>
Total Liabilities	<u>\$ 1,770</u>	<u>\$ 1,599</u>
NET ASSETS:		
Unrestricted	<u>\$10,019</u>	<u>\$10,642</u>
Total Net Assets	<u>\$10,019</u>	<u>\$10,642</u>
Total Liabilities and Net Assets	<u>\$11,789</u>	<u>\$12,241</u>

Natchitoches Association for Retarded Citizens, Inc.
Adult Habilitation Program and Sheltered Workshop
Sheltered Workshop
Statement of Activities
Year Ended June 30, 1999
With Comparative Amounts from Year Ended June 30, 1998

	<u>1999</u>	<u>1998</u>
UNRESTRICTED NET ASSETS:		
Support-		
Contributions-		
Businesses and Organizations	\$ 2,707	\$ 0
Individuals	22	0
Contract Work	20,551	19,217
Soft Drink Sales	5,200	5,054
Other	<u>232</u>	<u>1,212</u>
Total Revenues, Gains, and Other Support	<u>\$28,712</u>	<u>\$25,483</u>
EXPENSES:		
Program Services	\$24,885	\$22,294
Management and General	<u>4,449</u>	<u>4,437</u>
Total Expenses	<u>\$29,334</u>	<u>\$26,731</u>
(Decrease) in Net Assets	\$ (622)	\$ (1,248)
Net Assets-Beginning of Year	<u>10,642</u>	<u>11,890</u>
Net Asses-End of Year	<u>\$10,020</u>	<u>\$10,642</u>

Natchitoches Association for Retarded Citizens, Inc.
Adult Habilitation Program and Sheltered Workshop
Sheltered Workshop
Statement of Cash Flows
Year Ended June 30, 1999
With Comparative Amounts from Year Ended June 30, 1998

	<u>1999</u>	<u>1998</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ (622)	\$(1,248)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities-		
Depreciation	1,226	1,137
Increase/(Decrease) in Accounts Payable	(29)	233
Increase/(Decrease) in Payroll Payable	<u>198</u>	<u>138</u>
Net Cash Provided By/(Used In) Operating Activities	\$ <u>773</u>	\$ <u>260</u>
CASH FLOWS PROVIDED BY/(USED IN) INVESTING ACTIVITIES:		
Purchase of Equipment	\$(1,239)	\$ <u>0</u>
Net Cash Provided By/(Used In) Investing Activities	\$(1,239)	\$ <u>0</u>
Net Increase in Cash	\$ (466)	\$ 260
Cash-Beginning of Year	<u>9,888</u>	<u>9,628</u>
Cash-End of Year	<u>\$ 9,422</u>	<u>\$ 9,888</u>

Natchitoches Association for Retarded Citizens, Inc.
Adult Habilitation Program and Sheltered Workshop
Sheltered Workshop
Statement of Functional Expenses
Year Ended June 30, 1999

	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
COMPENSATION AND RELATED EXPENSES:			
Client Salaries	\$13,322	\$ 0	\$13,322
Workman's Compensation Insurance	<u>0</u>	<u>250</u>	<u>250</u>
Total Compensation and Related Expenses	<u>\$13,322</u>	<u>\$ 250</u>	<u>\$13,572</u>
OTHER EXPENSES:			
Depreciation	\$ 980	\$ 246	\$ 1,226
Food	1,129	0	1,129
Telephone & Utilities	2,775	1,494	4,269
Postage	0	172	172
Repairs and Maintenance-			
Building and Grounds	727	0	727
Equipment	544	0	544
Supplies-			
Office	0	2,016	2,016
Workshop	940	0	940
Soft Drinks	3,549	0	3,549
Recreation	350	0	350
Travel	178	0	178
Other	<u>391</u>	<u>271</u>	<u>662</u>
Total Other Expenses	<u>\$11,563</u>	<u>\$4,199</u>	<u>\$15,762</u>
Total Functional Expenses	<u>\$24,885</u>	<u>\$4,449</u>	<u>\$29,334</u>

INTERNAL CONTROL AND COMPLIANCE

Johnson, Thomas & Cunningham

Certified Public Accountants

Exhibit M

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Eddie G. Johnson, C.P.A. A Professional Corporation (1968-1996)

Mark D. Thomas, C.P.A. A Professional Corporation

Robert M. Cunningham, C.P.A. A Professional Corporation

*321 Bienville Street
Natchitoches, Louisiana 71457*

(318) 352-3632

Fax (318) 352-4447

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors of
Natchitoches Association for Retarded Citizens, Inc.
Natchitoches, LA 71457

We have audited the financial statements of the Natchitoches Association for Retarded Citizens, Inc. as of and for the year ended June 30, 1999, and have issued our report thereon dated October 8, 1999. 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 Natchitoches Association for Retarded Citizens, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financing Reporting

In planning and performing our audit, we considered the Natchitoches Association for Retarded Citizens, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the management of the Natchitoches Association for Retarded Citizens and the Legislative Auditor of the State of Louisiana, others within the organization and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.


Johnson, Thomas & Cunningham, CPA's

October 8, 1999
Natchitoches, Louisiana

Natchitoches Association for Retarded Citizens, Inc.
Adult Habilitation Program and Sheltered Workshop
Board of Directors
June 30, 1999

President	William E. Weatherford
Vice-President	Patricia Roshto
Secretary	Idell W. Snowden
Treasurer	Wayne King
Board Members	Jimmie Dell Knighton
	Loura Frye
	Mary Ann King
	W. D. Braxton
Director	Janie Adams