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**LAFAYETTE ASSOCIATION FOR
RETARDED CITIZENS, INC.
Lafayette, Louisiana**

**AUDIT REPORT
June 30, 1999**

Under provisions of state law, this report is a public document. A copy of this report has been submitted to the clerk of court, parish clerk, public auditor and, where appropriate, to the office of the legislative auditor and, where appropriate, at the office of the parish clerk or court

Release Date 1-19-00

**V. L. AULD & ASSOCIATES
Certified Public Accountants
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INDEPENDENT AUDITORS' REPORT ON THE BASIC FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION

The Board of Directors
Lafayette Association for
Retarded Citizens, Inc.
Lafayette, Louisiana

We have audited the accompanying statement of financial position of the Lafayette 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 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. 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 our audit provides a reasonable basis for our opinion.

On May 1, 1979, buildings in existence were restated to appraisal values. In our opinion, assets should be stated at acquisition cost, or if donated, recorded at their fair value at the date of gift, net of depreciation, to conform with generally accepted accounting principles. The effects of this practice on the financial statements are undetermined.

In our opinion, except for the effects of recording certain buildings at appraisal values, as discussed in the preceding paragraph, the financial statements referred to in the first paragraph present fairly in all material respects the financial position of the Lafayette 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.

In accordance with Government Auditing Standards, we have also issued our report dated November 19, 1999, on our consideration of the Association's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the Lafayette Association for Retarded Citizens, Inc., taken as a whole. The accompanying additional information contained in the schedule of activities by component is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information in this schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

V. L. AULD & ASSOCIATES

Certified Public Accountants

Lafayette, Louisiana
November 19, 1999

LAFAYETTE ASSOCIATION FOR RETARDED CITIZENS, INC.
Lafayette, Louisiana
STATEMENT OF FINANCIAL POSITION
June 30, 1999

ASSETS

CURRENT ASSETS

Cash	\$1,265,271
Accounts Receivable	311,032
Contributions Receivable	8,750
Inventory	22,288
Prepaid Expenses	16,984
Deposits	<u>9,013</u>

Total Current Assets \$1,633,338

OTHER ASSETS

Certificate of Deposit	1,500,000
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COLLECTIONS (See Note 4)

PLANT ASSETS

Buildings	\$3,260,060
Furniture and Fixtures	79,201
Machinery and Equipment	337,620
Transportation Equipment	330,559
Land	<u>122,099</u>
Totals	\$4,129,539
Less: Accumulated Depreciation	<u>2,375,779</u>

Total Plant Assets 1,753,760

TOTAL ASSETS

\$4,887,098

See accountants' report and accompanying notes to financial statements.

LAFAYETTE ASSOCIATION FOR RETARDED CITIZENS, INC.
Lafayette, Louisiana
STATEMENT OF FINANCIAL POSITION
June 30, 1999

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts Payable	\$ 108,646	
Accrued Payroll and Payroll Taxes	60,630	
Deferred Revenue	15,136	
Rental Deposits	2,550	
Current Portion of Long-Term Debt	<u>6,927</u>	
Total Current Liabilities		\$ 193,889
LONG-TERM DEBT		
Note Payable, Ford Motor Credit (Net of Current Portion)		9,056
NET ASSETS		
Unrestricted		
Operating	\$1,430,393	
Board Designated	1,500,000	
Plant Assets	<u>1,753,760</u>	
Total Net Assets		<u>4,684,153</u>
TOTAL LIABILITIES AND NET ASSETS		<u>\$4,887,098</u>

See accountants' report and accompanying notes to financial statements.

LAFAYETTE ASSOCIATION FOR RETARDED CITIZENS, INC.
Lafayette, Louisiana
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 1999

	<u>Unrestricted Net Assets</u>	
PUBLIC SUPPORT AND REVENUE		
Public Support		
Program Revenues	\$3,523,892	
Contributions	114,658	
Special Events	<u>239,173</u>	
Total Public Support		\$3,877,723
Revenue		
Other Revenue	\$ 230,285	
Interest Income	121,316	
Membership Dues	1,796	
Loss on Sale of Assets	<u>(4,080)</u>	
Total Revenue		<u>349,317</u>
TOTAL PUBLIC SUPPORT AND REVENUE		<u>\$4,227,040</u>
EXPENSES		
Program Services		
Client Development	\$ 997,896	
Housing	1,274,452	
Respite	405,068	
Early Intervention	213,081	
Supported Work Systems	70,195	
Acadian Village	<u>344,465</u>	
Total Program Services		\$3,305,157
Supporting Services		
Management and General	\$ 355,791	
Special Events	<u>123,904</u>	
Total Supporting Services		<u>479,695</u>
TOTAL EXPENSES		<u>\$3,784,852</u>
Increase in Net Assets Before Cost of Collection Item		\$ 442,188
Less: Cost of Collection Item		<u>19,000</u>
INCREASE IN NET ASSETS		\$ 423,188
NET ASSETS, BEGINNING OF YEAR		<u>4,260,965</u>
NET ASSETS, END OF YEAR		<u>\$4,684,153</u>

See accountants' report and accompanying notes to financial statements.

LAFAYETTE ASSOCIATION FOR RETARDED CITIZENS, INC.
Lafayette, Louisiana
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 1999

	PROGRAM SERVICES						SUPPORTING SERVICES		TOTALS
	Client Development	Housing	Respite	Early Intervention	Supported Work System	Acadian Village	Mgmt. & General	Special Events	
Salaries	\$ 523,551	\$ 699,076	\$ 313,750	\$ 47,884	\$ 50,323	\$ 161,270	\$ 183,751	\$	\$ 1,979,605
Payroll Taxes	39,327	53,373	24,507	3,556	3,593	12,031	13,513		149,900
Employee Benefits	38,493	31,339	1,263	5,669	3,960	11,492	9,134		101,350
TOTAL SALARIES & RELATED EXPENSES	\$ 601,371	\$ 783,788	\$ 339,520	\$ 57,109	\$ 57,876	\$ 184,793	\$ 206,398	\$ 0	\$ 2,230,855
Cost of Goods Sold						49,648			49,648
Work Activity Expense	192,647								192,647
Insurance	62,158	54,336	18,524	2,231	4,055	19,332	14,869		175,505
Professional Services		95,575	439	117,276		132	25,994		239,416
Utilities & Garbage	18,587	31,860	6,177	2,023	1,558	13,271	5,248		78,724
Food	7,154	54,162	13,240			1,733			76,289
Supplies	13,269	47,093	8,650	7,892	81	12,229	10,232		99,446
Repairs & Maintenance	7,985	8,391	2,478	1,131	7	20,441	14,445		54,878
Vehicle Repairs & Maintenance	11,925	3,377	435				373		16,110
Fuel	13,254	4,581	530			186	582		19,133
Telephone	3,025	8,658	3,227	2,955	1,618	4,403	7,885		31,771
Travel	3,756	5,254	643	11,329	3,433	1,143	6,487		32,045
Conferences	729	1,205	179	5,828	437	215	3,715		12,308
Taxes & Licenses		121,856	306	130					122,292

See accountants' report and accompanying notes to financial statements.

LAFAYETTE ASSOCIATION FOR RETARDED CITIZENS, INC.
 Lafayette, Louisiana
 STATEMENT OF FUNCTIONAL EXPENSES
 For the Year Ended June 30, 1999

	PROGRAM SERVICES						SUPPORTING SERVICES		TOTALS
	Client Development	Housing	Respite	Early Intervention	Supported Work System	Acadian Village	Mgmt. & General	Special Events	
Postage	93	291	213	554	12	292	955		2,410
Promotion & Advertising						11,104			11,104
Dues & Subscriptions	30	710	61		103	1,282	17,042		19,228
Music & Crafts						2,695			2,695
Interest Expense	562								562
Equipment Lease		2,996	564						3,560
Donations									
Special Events						241	5,189		5,990
Miscellaneous Expense	18	533	254	20			700		700
TOTAL EXPENSES BEFORE DEPRECIATION	\$ 936,563	\$ 1,224,666	\$ 395,440	\$ 208,478	\$ 69,180	\$ 325,781	\$ 12,551	\$ 114,113	\$ 114,113
Depreciation	61,333	49,786	9,628	4,603	1,015	18,684	332,665	114,113	3,606,886
TOTAL EXPENSES	\$ 997,896	\$ 1,274,452	\$ 405,068	\$ 213,081	\$ 70,195	\$ 344,465	\$ 355,791	\$ 123,904	\$ 3,784,852

See accountants' report and accompanying notes to financial statements.

LAFAYETTE ASSOCIATION FOR RETARDED CITIZENS, INC.
Lafayette, Louisiana
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 1999

CASH FLOWS FROM OPERATING ACTIVITIES	\$ 423,188
Increase in Net Assets	\$ 423,188
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities	
Depreciation	177,966
Non-Cash Contributions	(38,663)
Loss on Sale of Assets	4,080
(Increase) Decrease in Operating Assets	
Accounts Receivable	22,803
Contributions Receivable	(3,750)
Inventory	(6,059)
Prepaid Expenses	(16,240)
Deposits	29,598
Increase (Decrease) in Operating Liabilities	
Accounts Payable	25,809
Accrued Payroll and Payroll Taxes	4,797
Deferred Revenue	(3,214)
Rental Deposits	<u>1,350</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 621,665</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from Sale of Assets	\$ 65,850
Payments for Property and Equipment	<u>(342,169)</u>
NET CASH USED BY INVESTING ACTIVITIES	<u>\$ (276,319)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Payments on Long-Term Debt	<u>\$ (5,017)</u>
NET INCREASE IN CASH	\$ 340,329
CASH AT BEGINNING OF YEAR	<u>924,942</u>
CASH AT ENDING OF YEAR	<u><u>\$1,265,271</u></u>
<u>SUPPLEMENTAL DISCLOSURES</u>	
Interest Paid	<u>\$ 562</u>
Non-Cash Investing and Financing Activities	
Property and Equipment acquired with non-cash contributions	<u>\$ 38,663</u>
Vehicle acquired with loan proceeds	<u>\$ 21,000</u>

See accountants' report and accompanying notes to financial statements.

LAFAYETTE ASSOCIATION FOR RETARDED CITIZENS, INC.
Lafayette, Louisiana
NOTES TO FINANCIAL STATEMENTS
June 30, 1999

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

NATURE OF ACTIVITIES

The Association administers programs for the benefit of retarded citizens in an eight-parish area of southern Louisiana. Funding of these programs is primarily from governmental sources. Also, the Association operates Acadian Village, a living museum visited by tourists and used by the community for public events. The Village primarily generates revenue by admission and gift shop sales. The Village employs the clients of the Association to maintain and operate the facility as a part of the work activity programs.

FINANCIAL STATEMENT PRESENTATION

The financial statements of the Association are prepared on the accrual basis of accounting. This means revenues are recognized when earned and expenses are recognized when incurred. Also, the financial statement presentation follows the recommendation of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations.

PLANT ASSETS

On May 1, 1979, buildings in existence were restated to appraisal values. These assets represent \$343,409 of total plant assets (net of \$1,135,572 in accumulated depreciation). All other plant assets are stated at cost or, if donated, at fair market value at date of receipt. The Association capitalizes all plant assets with a cost, or value if donated, in excess of \$500. Depreciation is calculated on a straight-line basis over estimated useful lives ranging from four to thirty years. Depreciation expense for assets valued at appraisal value is \$12,687 and for assets valued at historical cost is \$165,279. The Association has \$284,930 of buildings with historical value exempt from depreciation in accordance with SFAS No. 93.

CASH AND CASH EQUIVALENTS

For purposes of the Statement of Cash Flows, currency, demand deposits, and repurchase agreements are considered cash.

INCOME TAX STATUS

The Association is exempt from federal income tax under Internal Revenue Code Section 501(c)(3). It is not a private foundation under Section 509(a)(2) of the Internal Revenue Code.

USE OF ESTIMATES

Financial statements are prepared in conformity with generally accepted accounting principles. These principles require management to make estimates and assumptions affecting certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

FUNCTIONAL EXPENSE ALLOCATIONS

A summary of the costs of providing various program and supporting services is in the statement of functional expenses. Accordingly, certain costs are allocated between the programs and supporting services benefitted.

CONTRIBUTED SERVICES

Many volunteers have donated significant amounts of time to the Association's special events. No amounts are recognized in the statement of activities because the criteria for recognition under SFAS No. 116 have not been satisfied.

INVENTORY

Inventory of Acadian Village Store merchandise is valued at the lower of cost or market. Cost is determined on the first-in, first-out method.

ADVERTISING COSTS

Advertising costs of \$11,104 were expensed as incurred.

NOTE 2 - CONTRIBUTIONS RECEIVABLE

Contributions receivable consist of an amount due from United Way of Acadiana. This contribution is expected to be collected by December, 1999. Therefore, no allowance for uncollectible pledges has been recorded.

NOTE 3 - CONCENTRATIONS OF CREDIT RISK

The Association maintains significant amounts of cash in several accounts with Bank One. At times, the balances in these accounts may exceed federally insured limits. The Association has not experienced any losses in these accounts. The Association believes it is not exposed to any significant credit risk on cash.

Credit risk with respect to receivables is limited because the Association deals primarily with governmental agencies.

NOTE 4 - COLLECTIONS

The Association is the recipient of 17 original oil paintings by the internationally known artist George Rodrigue. No ownership restrictions are imposed on the Association. The Association presents the collection of paintings for public viewing in a separate and secure art gallery. Also included in the collection is a diorama depicting the ceremony claiming Louisiana for France, constructed by the artist Robert Dafford at a cost of \$19,000. The Association elects not to capitalize its collections. The cost of collection items is reported in the Statement of Activities.

NOTE 5 - CHANGE IN ACCOUNTING ESTIMATE

The useful lives of several depreciable assets were changed during the year ended June 30, 1998. The effect of these changes was to decrease depreciation expense and thereby increase net assets by \$65,730.

NOTE 6 - LABOR UNION

Approximately sixty-six (66%) of employees are covered by a collective bargaining agreement with Local 100, Service Employees International Union of the AFL-CIO (the Union). The current collective bargaining agreement expires October 31, 2000. In the Association's opinion the collective bargaining agreement will have no material adverse effect on operations.

NOTE 7 - LITIGATION

The Association is involved in two lawsuits. In one suit, legal counsel advises the likelihood of an unfavorable outcome is relatively low. The other suit has tentatively been settled for \$42,500. In both suits, these matters are covered by insurance and are unlikely to have a material effect on the financial position of the Association.

NOTE 8 - RISKS AND UNCERTAINTIES

The State of Louisiana is the primary controller of revenue for the Association. In the future, financial problems of the State of Louisiana may result in reduced funding. It is possible certain programs may be severely affected by these declining revenues. However, management believes changes can be incorporated into the continuing operations without a catastrophic result.

NOTE 9 - GIFTS OF FUTURE INTERESTS

Certain individuals have named the Association as a charitable beneficiary to their estate. In some cases, restrictions apply to the use of these future funds. However, the Association has no future guarantee to the use or access of these assets. The Association's right as a beneficiary, and the economic value, is subject to potential change.

NOTE 10 - SUBSEQUENT EVENTS

On September 29, 1999, the Association transferred \$1,500,000 to the Foundation for Retarded Citizens, Inc.

NOTE 11 - LEASES

The Association leases three copiers and a mailing system under operating leases expiring between November, 1999, and November, 2003. In the normal course of business, operating leases are generally renewed or replaced by other leases. Total lease expense for the year ended June 30, 1999, is \$8,990.

Minimum future rental payments under non-cancelable operating leases having remaining terms in excess of one year as of June 30, 1999, for each of the next five years and in the aggregate are:

Year Ending June 30, 2000	\$ 8,595
Year Ending June 30, 2001	8,595
Year Ending June 30, 2002	6,575
Year Ending June 30, 2003	5,688
Year Ending June 30, 2004	<u>2,370</u>
Total minimum future rental payments	<u>\$31,823</u>

NOTE 12 - NOTES PAYABLE

As of June 30, 1999, notes payable consist of the following:

Note payable to Ford Motor Credit,
payable in monthly installments of
\$619.93 including interest at 3.9%,
secured by a 1998 Ford E-350 van,
maturing in September, 2001. \$15,983

Principal payments due for each of the next five years as of June 30, 1999 are:

Year Ending June 30, 2000	\$ 6,927
Year Ending June 30, 2001	7,209
Year Ending June 30, 2002	1,847
Year Ending June 30, 2003	-0-
Year Ending June 30, 2004	-0-
	<u>\$15,983</u>

NOTE 13 - RELATED PARTY TRANSACTIONS

During the year ended June 30, 1999, the Association traded three of its vehicles and purchased a vehicle from a corporation primarily owned by a member of the LARC Board of Directors. The new vehicle cost \$14,497 after a \$5,200 trade-in allowance for the three used vehicles.

Subsequent to June 30, 1999, the Association purchased two additional vehicles and entered into a vehicle maintenance agreement with the same corporation.

LAFAYETTE ASSOCIATION FOR RETARDED CITIZENS, INC.
 Lafayette, Louisiana
 SCHEDULE OF ACTIVITIES BY COMPONENT
 For the Year Ended June 30, 1999

	PROGRAM SERVICES							SUPPORTING SERVICES		TOTALS
	Client Development	Housing	Respite	Early Intervention	Supported Work System	Acadian Village	Mgmt. & General	Special Events		
SUPPORT & REVENUE										
Program Revenue	\$ 925,459	\$ 1,568,445	\$ 499,794	\$ 224,442	\$ 77,771	\$ 227,981			\$ 3,523,892	
Other	61,843	172,680	20,983	496		57,467			703,148	
TOTAL SUPPORT & REVENUE	\$ 987,302	\$ 1,741,125	\$ 520,777	\$ 224,938	\$ 77,771	\$ 285,448			\$ 4,227,040	
EXPENSES										
Salaries	\$ 523,551	\$ 699,076	\$ 313,750	\$ 47,884	\$ 50,323	\$ 161,270	\$ 183,751		\$ 1,979,605	
Payroll Taxes	39,327	53,373	24,507	3,556	3,593	12,031	13,513		149,900	
Employee Benefits	38,493	31,339	1,263	5,669	3,960	11,492	9,134		101,350	
Cost of Goods Sold						49,648			49,648	
Work Activity Expense	192,647								192,647	
Insurance	62,158	54,336	18,524	2,231	4,055	19,332	14,869		175,505	
Professional Services		95,575	439	117,276		132	25,994		239,416	
Utilities & Garbage	18,587	31,860	6,177	2,023	1,558	13,271	5,248		78,724	
Food	7,154	54,162	13,240			1,733			76,289	
Supplies	13,269	47,093	8,650	7,892	81	12,229	10,232		99,446	
Repairs & Maintenance	7,985	8,391	2,478	1,131	7	20,441	14,445		54,878	
Vehicle Repairs & Maintenance	11,925	3,377	435				373		16,110	
Fuel	13,254	4,581	530			186	582		19,133	
Telephone	3,025	8,658	3,227	2,955	1,618	4,403	7,885		31,771	

See accountants' report and accompanying notes to financial statements.

LAFAYETTE ASSOCIATION FOR RETARDED CITIZENS, INC.
Lafayette, Louisiana
SCHEDULE OF ACTIVITIES BY COMPONENT
For the Year Ended June 30, 1999

	P R O G R A M S E R V I C E S							S U P P O R T I N G S E R V I C E S			T O T A L S
	Client Development	Housing	Respite	Early Intervention	Supported Work System	Acadian Village	Mgmt. & General	Special Events			
Travel	3,756	5,254	643	11,329	3,433	1,143	6,487		32,045		
Conferences	729	1,205	179	5,828	437	215	3,715		12,308		
Taxes & Licenses		121,856	306	130					122,292		
Postage	93	291	213	554	12	292	955		2,410		
Promotion & Advertising						11,104			11,104		
Dues & Subscriptions	30	710	61		103	1,282	17,042		19,228		
Music & Crafts						2,695			2,695		
Interest Expense	562								562		
Equipment Lease		2,996	564			241	5,189		8,990		
Donations							700		700		
Special Events								114,113	114,113		
Miscellaneous Expense	18	533	254	20		2,641	12,551		16,017		
Cost of Collection Items						19,000			19,000		
Depreciation	61,333	49,786	9,528	4,603	1,015	18,684	23,126	9,791	177,966		
TOTAL EXPENSES	\$ 997,896	\$ 1,274,452	\$ 405,068	\$ 213,081	\$ 70,195	\$ 363,465	\$ 355,791	\$ 123,904	\$ 3,803,852		
INCREASE (DECREASE) IN NET ASSETS	\$ (10,594)	\$ 466,673	\$ 115,709	\$ 11,857	\$ 7,576	\$ (78,017)	\$ (205,285)	\$ 115,269	\$ 423,188		

See accountants' report and accompanying notes to financial statements.

V. L. AULD & ASSOCIATES

Certified Public Accountants
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Lafayette, Louisiana 70506

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

The Board of Directors
Lafayette Association for
Retarded Citizens, Inc.
Lafayette, Louisiana

We have audited the financial statements of the Lafayette Association for Retarded Citizens, Inc., (a nonprofit organization) as of and for the year ended June 30, 1999, and have issued our report thereon, dated November 19, 1999. In our report, our opinion was qualified because certain assets are recorded at appraisal value. Further explanation is in the third paragraph of our report on the financial statements. 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 Association'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 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 no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Association'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 a 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 Board of Directors and Management of the Lafayette Association for Retarded Citizens, Inc., applicable state and federal agencies, and the Louisiana Legislative Auditor. This report is not intended to be and should not be used by anyone other than these specified parties.

V. L. AULD & ASSOCIATES

A handwritten signature in cursive script, appearing to read "V. L. Auld & Associates", written in black ink.

Certified Public Accountants

Lafayette, Louisiana
November 19, 1999