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**BEAUREGARD ASSOCIATION FOR  
RETARDED CITIZENS, INC.  
DERIDDER, LOUISIANA**

**FINANCIAL REPORT**  
For the Years Ended June 30, 1998 and 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 1-19-2000

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LEGISLATIVE AUDITOR

*Gleen O. Everhart*  
CERTIFIED PUBLIC ACCOUNTANT  
104 West Second Street  
DeRidder, Louisiana 70634

1999 DEC 28 AM 11: 04

**BEAUREGARD ASSOCIATION FOR RETARDED CITIZENS, INC.  
DERIDDER, LOUISIANA**

**TABLE OF CONTENTS**

	<u>Page Number</u>
Independent Auditor's Report	1 - 2
Statement of Financial Position	3
Statement of Activities	4
Statement of Cash Flows	5
Notes to the Financial Statements	6 - 9
Other Reports	
Independent auditor's report on the Internal Controls	10 - 11
Independent Auditors' Report on Compliance Based on an Audit of Financial Statements performed in Accordance with Government Auditing Standards	12 - 13
Schedule of Findings and Questioned Cost	14

*Gleen O. Everhart*  
CERTIFIED PUBLIC ACCOUNTANT  
104 West Second Street  
DeRidder, Louisiana 70634

Tel. (337) 462-1001

E-mail Cpagleen@aol.com

Fax (337) 462-0120

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Beauregard Association for Retarded Citizens, Inc.  
DeRidder, Louisiana


I have audited the accompanying statements of financial position, of the Beauregard Association for Retarded Citizens, Inc. (a nonprofit organization) at June 30, 1998 and 1999 and the related statements of activities and the statements of cash flows for the years then ended. These financial statements are the responsibility of the Beauregard Association for Retarded Citizens, Inc.'s management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I 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. I believe that my audit provides a reasonable basis for my opinion.

In my report dated December 22, 1998, and subsequently dated January 25, 1999, I expressed an opinion that the financial statements of Beauregard Association for Retarded Citizens, Inc., were presented fairly in all material respects. However, as described in None 15, the financial statements of Beauregard Association for Retarded Citizens, Inc., were not presented fairly in all material respects because revenues and expenses from their fund raising activities and all fixed assets were not properly recorded in the general ledger accounts and subsequently reported in the their 1998 financial statements. Accordingly, my present opinion on the 1998 financial statements of Beauregard Association for Retarded Citizens, Inc., as presented herein, is different from that expressed in my previous reports.

In my opinion, except for the effects, if any, of the prior years uncertainty, the June 30, 1999 financial statements referred to above present fairly, in all material respects, the financial position of the Beauregard Association for Retarded Citizens, Inc. at June 30, 1999, and results of its operation for the year then ended, in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, I have also issued a report dated August 20, 1999, on my consideration of Beauregard Association for Retarded Citizens, Inc.'s internal control structure and a report dated August 20, 1999 on my consideration of their compliance with laws and regulations.

  
August 20, 1999

**BEA UREGARD ASSOCIATION FOR RETARDED CITIZENS, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
June 30, 1998 and 1999

	<b>1998</b>	<b>1999</b>
<b>Current Assets</b>		
Cash	\$ 30,684	\$ 56,252
Reimbursements Receivable	4,258	
Total Current Assets	34,942	56,252
<b>Non-Current Assets</b>		
Property, Plant, and Equipment (Net)	62,009	59,618
Total Non-Current Assets	62,009	59,618
<b>Total Assets</b>	<b>\$ 96,951</b>	<b>\$ 115,870</b>
<b>Liabilities and Equity</b>		
<b>Current Liabilities</b>		
Notes Payable (Current Portion)	\$ 6,647	\$ 7,404
Total Current Liabilities	6,647	7,404
<b>Long Term Liabilities</b>		
Notes Payable (Less Current Portion Above)	19,941	12,537
<b>Total Liabilities</b>	26,588	19,941
<b>Net Assets</b>		
Unrestricted	59,731	84,769
Restricted	10,632	11,160
Total Net Assets	70,363	95,929
<b>Total Liabilities and Net Assets</b>	<b>\$ 96,951</b>	<b>\$ 115,870</b>

The accompanying notes are an integral part of these statements.

**BEAUREGARD ASSOCIATION FOR RETARDED CITIZENS, INC.**  
**STATEMENT OF ACTIVITIES**

For the Years Ended June 30, 1998 and 1999

	1998	1999
Revenues		
Reimbursements from DHH	\$ 126,317	\$ 171,944
Waiver Fees	1,741	1,515
Community Home Fees	7,459	
Public Support	13,846	6,074
<b>Total Unrestricted Revenue</b>	<u>149,363</u>	<u>179,533</u>
Expenses		
Salaries and Related Benefits	105,044	107,171
Transportation/Travel	15,898	7,846
Rent	7,200	7,200
Depreciation	3,763	2,090
Insurance	15,599	13,714
Office Expense	7,686	6,454
Repairs and Maintenance	271	
Utilities	3,747	2,577
Telephone	662	459
Audit Expense	888	2,408
Dues and License	2,797	2,196
Sundry	343	8
<b>Total Expenses</b>	<u>163,898</u>	<u>152,123</u>
Increase (decrease) in Net Assets Before Other Income/Expense	(14,535)	27,410
<b>Other Income/Expense</b>		
Interest Income	324	528
Interest Expense		(2,372)
Increase (decrease) in Net Assets	(14,211)	25,566
<b>Net Assets at Beginning of Year, as stated</b>	53,774	70,363
<b>Prior Period Adjustment - correction of error -     Capitalization of donated property</b>	<u>30,800</u>	
<b>Net Assets at Beginning of Year, as restated</b>	<u>84,574</u>	
<b>Net Assets at End of Year</b>	<u>\$ 70,363</u>	<u>\$ 95,929</u>

The accompanying notes are an integral part of these statements.

**BEAUREGARD ASSOCIATION FOR RETARDED CITIZENS, INC.**

**STATEMENT OF CASH FLOWS**

For the Years Ended June 30, 1998 and 1999

<b>Cash Flows From Operating Activities</b>	<b>1998</b>	<b>1999</b>
Net increase in net assets	\$ (14,535)	\$ 25,322
Adjustment to reconcile change in net assets to net cash used by operating activities		
Depreciation	3,763	2,090
Decrease in reimbursements receivable	11,722	
Increase in accounts payable and accrued expenses	(1,082)	
Net cash provided by operating activities	(132)	27,412
<b>Cash Flows From Investing Activities</b>		
Interest Income	324	528
Interest Expense		(2,372)
<b>Net Increase in Cash and Cash Equivalents</b>	<b>192</b>	<b>25,568</b>
<b>Cash and Cash Equivalents at Beginning of Year</b>	<b>30,492</b>	<b>30,684</b>
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 30,684</b>	<b>\$ 56,252</b>

The accompanying notes are an integral part of these statements.

**Beauregard Association for Retarded Citizens, Inc.**  
DeRidder, Louisiana  
Notes to Financial Statements  
For the Years Ended June 30, 1998 and 1999

**Note 1 - Summary of Significant Accounting Policies**

*Organization*

The Beauregard Association for Retarded Citizens, Inc. is a nonprofit corporation incorporated under the Louisiana Non-Profit Corporation Act. The mission of the Beauregard Association for Retarded Citizens, Inc. (BAFRCI) is to supervise the daily operations of the De Ridder Retarded Citizens, to sponsor community events in an effort to educate the public, to be active with other community events and human service agencies, and to host awareness events.

*Financial Statement Presentation:*

On June 30, 1993, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 117 with an effective date of December 15, 1994, however, earlier application was encouraged. These statements conform to the new FASB Statement.

In accordance with FASB Statement 116, contributions are to be recorded at the time the promise is made and the Beauregard Association for Retarded Citizens, Inc. complies with Statement 116. FASB Statement 117 changes the format for Financial statements for Non-Profit Corporations and these statements have been prepared to conform to the new FASB Statement 117.

*Basis of Accounting*

The records of the BAFRCI are maintained on the GAAP basis of accounting and the accompanying statements have been prepared on that basis.

*Cash equivalents*

The BAFRCI considers all highly liquid assets with a maturity of three months or less to be cash equivalents.

**Note 2 - Commitments and Contingencies**

The BAFRCI may be reimbursed for purchases of long lived assets, if the cost of such purchases are included in their annual budget and approved by the Louisiana Department of Health and Hospitals. Once the BAFRCI receives reimbursement for the purchase of long lived assets, the Louisiana Department of Health and Hospitals becomes the contingent owner of those assets. Should the BAFRCI cease operations, ownership of those assets will revert to the State of Louisiana.



**Note 3 - Subsequent Events**

On January 15, 1999, the administration discovered an unrecorded donation of land that had not been recorded in the general ledger. This donation was received on December 30, 1986. See Note 14.

**Note 4 - Pension Plans**

The BAFRCI employees participate in the FICA program.

**Note 5 - Compensated Absences**

The BAFRCI gives its employees vacation and sick leave, however, accrued amounts at June 30, 1998 and 1999, if any, would be immaterial and not reported in these schedules.

**Note 6 - Off-Balance Sheet Risk**

The BAFRCI does not engage in off-balance sheet financing as defined in FASB Statement 105.

**Note 7 - Bank Accounts**

In accordance with FASB Statement 105, the BAFRCI maintains its funds in one bank account in one bank. These funds are secured by the Federal Deposit Insurance Corporation in the amount of \$100,000. The amount in their bank account does not exceed the insured amount.

**Note 8 - Tax Exempt Status**

The BAFRCI is a non-profit organization subject to tax in accordance with the Internal Revenue Service Code. The agency is currently applying for tax exemption under Section 501(c)(3) of the Internal Revenue Code. The Service has stated that the exemption will be retroactive to the date of Incorporation. In April 1999, the BAFRCI was recognized as organization that is exempt from income tax under IRC Section 501(c)(3).

**Note 9 - Donated Materials and Services**

The value of donated services have not been recorded in these statements in as much as no objective basis is available for the measurement of such services; however, a substantial number of volunteers have donated a significant amount of time to the accomplishment of the BAFRCI's mission.

**Note 10 - Related Party Transactions**

None.

**Note 11 - Use of Estimates**

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

**Note 12 - Commitments - Operating Leases**

During the year, Beauregard Association For Retarded Citizens, Inc. entered into an agreement with Green Chevrolet, Inc. to lease a new van. Annual payments are as follows:

<u>Year</u>	<u>Monthly Payment</u>	<u>Annual Expenditure</u>
1	\$ 617	\$ 7,404
2	617	7,404
Balloon Payment	<u>10,781</u>	<u>10,781</u>
<b>Total Annual Expenditure</b>		25,589
Less : amount representing interest		<u>( 5,648)</u>
Net present value of lease		<u>\$19,941</u>

**Note 13 - Fixed Assets**

Land	\$ 30,800
Building	4,156
Equipment	9,308
Vehicles	<u>55,843</u>
Total	100,107
Less Accumulated Depreciation	<u>( 40,198)</u>
Net	<u>\$ 59,918</u>

**Note 14 - Capitalization of Donated Assets**

On December 30, 1986, the BARCI received an unrestricted donation of approximately 3 acres of undeveloped land. The fair market value (FMV) of the land at the time of donation was \$30,800. The land has been capitalized (recorded in the general ledger) at that value.

**Note 15 - Change of Opinion**

In March 1999, it was discovered that the BARCI had been sponsoring two fund raising events each year. However, there was no accounting for the revenue and expenses of these activities, consequently, the affects that this lack of accounting had on net assets has not been determined. It is believed however, that net assets were not materially misstated in past years, and at June 30, 1998.

*Gleen O. Everhart*  
CERTIFIED PUBLIC ACCOUNTANT  
104 West Second Street  
DeRidder, Louisiana 70634

Tel. (337) 462-1001

E-mail Cpagleen@aol.com

Fax (337) 462-0120

**Independent Auditor's Report on the Internal Control Structure  
Based on an Audit of the Financial Statements Performed  
in Accordance With Government Auditing Standards**

Board of Directors  
Beauregard Association for Retarded Citizens, Inc.  
DeRidder, Louisiana

I have audited the accompanying statement of financial position of the Beauregard Association for Retarded Citizens, Inc. for the year ended June 30, 1998 and 1999, and have issued my report thereon dated August 20, 1999.

I conducted my audit in accordance with generally accepted auditing standards, and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

In planning and performing my audit of the financial statements of the Beauregard Association for Retarded Citizens, Inc. for the six-month period ended June 30, 1998, I considered its internal control structure in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurances on the internal control structure.

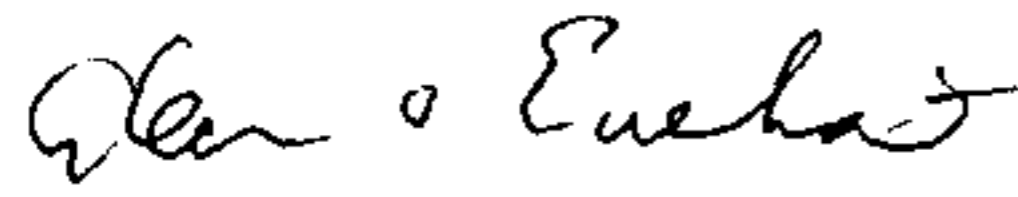
The management of the Beauregard Association for Retarded Citizens, Inc. is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by managements are required to assess the expected benefits and related costs of internal 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 management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing my audit of the financial statements of the Beauregard Association for Retarded Citizens, Inc., for the year ended June 30, 1998, I obtained an understanding of the internal control structure. With respect to the internal control structure, I obtained an understanding of the design of the relevant policies and procedures and whether they have been placed in operations, and I assessed control risk in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control structure. Accordingly, I do not express such an opinion.

My consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be a material weakness 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 and 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. I noted a matter involving the internal control structure and its operations that I considered to be a material weakness as defined above.

Finding:	Improper segregation of duties.
Cause:	Beauregard Association for Retarded Citizens, Inc. has a very limited number of personnel; therefore, the duties cannot be segregated as required by sound internal control standards.
Effect:	The possibility of errors occurring and not being detected on a timely basis is increased.
Management's response:	It is not economically feasible to hire additional staff.

This report is intended for the information of the Board Members and Management. However, this report is a matter of public record, and its distribution is not limited.

  
August 20, 1999

*Gleen O. Everhart*

CERTIFIED PUBLIC ACCOUNTANT

104 West Second Street  
DeRidder, Louisiana 70634

Tel. (337) 462-1001

E-mail Cpaglce@aol.com

Fax (337) 462-0120

**Independent Auditor's Report on Compliance Based on an Audit of  
Financial Statement Performed in Accordance With Government Auditing Standards  
Material Instances of Noncompliance**

Board of Directors  
Beauregard Association for Retarded Citizens, Inc.  
DeRidder, Louisiana

I have audited the accompanying statement of financial position of the Beauregard Association for Retarded Citizens, Inc. for the year ended June 30, 1998 and 1999, and have issued my report thereon dated August 20, 1999.

I conducted my audit in accordance with generally accepted auditing standards, and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I 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 Beauregard Association for Retarded Citizens are the responsibility of the Beauregard Association for Retarded Citizen's management. As a part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, I performed tests of the Beauregard Association for Retarded Citizen's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of my audit of the financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, I do not express such an opinion.

However, I noted a matter involving the internal control structure and its operations that I considered to be a material weakness as defined above.

Finding:	Improper segregation of duties.
Cause:	Beauregard Association for Retarded Citizens, Inc. has a very limited number of personnel; therefore, the duties cannot be segregated as required by sound internal control standards.

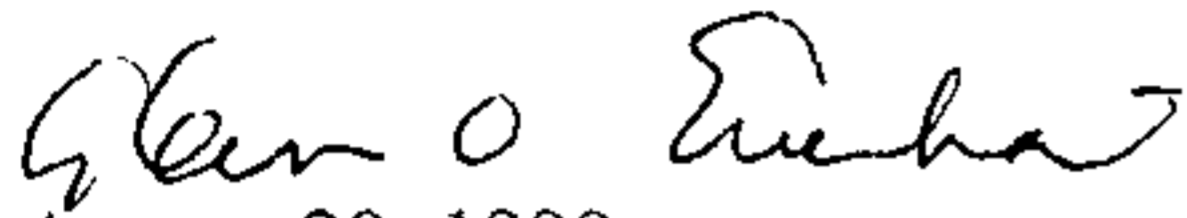
Effect:

The possibility of errors occurring and not being detected on a timely basis is increased.

Management's response:

It is not economically feasible to hire additional staff.

This report is intended for the information of the Board Members and Management. However, this report is a matter of public record, and its distribution is not limited.

  
August 20, 1999

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104 West Second Street  
DeRidder, Louisiana 70634

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**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Years Ended June 30, 1998 and 1999**

Board of Directors  
Beauregard Association for Retarded Citizens, Inc.  
DeRidder, Louisiana

	1998	1999
Section I - Summary of Auditor's Results		
<u>Financial Statements</u>		
Type of auditor's report issued:	Qualified	Qualified
Internal control over financial reporting:		
Material weakness(es) identified?	Yes	Yes
Reportable condition(s) identified not considered to be a material weakness?	None	None
Noncompliance material to financial statements noted?	Yes	Yes

Federal awards

None

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None