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CERTIFIED PUBLIC ACCOUNTANTS

MANAGEMENT LETTER

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

We have audited the combined financial statements of the Minden Association for Retarded Citizens, Inc. as of and for the year ended June 30, 1996, and have issued our report thereon dated December 19, 1996.

In connection with our audit, we made certain observations relative to the records maintained, the accounting procedures in effect, and the overall administration of the financial affairs of the Association. As a supplement to the reports which are bound with the financial statements, we submit for your consideration our comments pertaining to the following observations which did not meet the criteria of being material to the combined financial statements.

Our audit for the year ended June 30, 1996, revealed the following comments:

1. We noted a significant increase in expenses (primarily salaries) along with a significant decrease in revenue (primarily fee-for-service and contract services) resulting in a deficiency of revenue over expenditures for the year ended June 30, 1996. Although the Association is a not-for-profit organization and its primary purpose is to provide a service to the public, revenue and expenses should be closely monitored to prevent an excess of expenses over revenue. Ideally, an increase in expenses should have a corresponding increase in revenue. We recommend that the Association periodically review their financial records to determine the cause of any significant changes in revenue or expenses.
2. We noted two items immaterial to the financial statements which did not have invoices to support the expenditure. These expenditures were paid upon receipt of a statement from the vendor, but we were unable to locate the invoices to support the statement. We recommend that the Association maintain all invoices on file to support all expenditures.

MINDEN ASSOCIATION FOR RETARDED CITIZENS, INC.
Notes to Combined Financial Statements
June 30, 1996

7. Related party transactions

The Association leases the building that it occupies from a corporation in which the President of the Association is a 15.277% investor. The Association paid \$18,000 in building lease payments for the year ended June 30, 1996.

The Association also leased one vehicle from another corporation in which the President of the Association is a 20% investor. For the year ended June 30, 1996, the Association paid \$4,500.00 in payments on this lease. On January 1, 1996 the lessor corporation donated the vehicle to the Association and therefore the Association had no more lease expense on this vehicle. The vehicle had a fair market value of \$5,425.00 as of the date of donation.

8. Leases

The Association leases one vehicle under a closed-end lease of three years. The facilities are leased under an open-end leasing arrangement at \$1,500 per month. All arrangements are considered operating leases. Future minimum lease payments on the vehicle are as follows:

Year Ended <u>June 30,</u>	
1997	\$ 5,073
1998	10,106
1999	10,106
2000	-
2001	-
Subsequent to 2001	-
Total	<u>\$25,285</u>

9. Irrevocable letter of credit

During the year ended June 30, 1995, the Association executed a promissory note in the amount of \$5,550 to Minden Bank and Trust to be in effect upon the execution of an irrevocable letter of credit established by Minden Bank and Trust Company for the account of the Association in favor of the Louisiana Department of Transportation. The purpose of the letter of credit was to give assurance to the Louisiana Department of Transportation

MINDEN ASSOCIATION FOR RETARDED CITIZENS, INC.
Notes to Combined Financial Statements
June 30, 1996

- i. General Fund, the amounts of which are totally unrestricted, represents the portion of expendable funds that is available for the support of the Association's programs.
- ii. Leasehold Improvements and Equipment Fund represents resources restricted for leasehold improvements and equipment acquisition and resources expended for leasehold improvements and equipment.

3. Accounts receivable

Accounts receivable of \$14,778 due the Association at June 30, 1996, consists of \$12,240 remaining from the Department of Health and Hospitals on their contract with the Association for the year ended June 30, 1996 and receivables on private contracts of \$2,538.

4. Leasehold improvements and equipment

Leasehold improvements and equipment at June 30, 1996, are composed of the following:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Book Value</u>
Leasehold improvements	\$ 27,744	6,170	21,574
Furniture and equipment	<u>75,944</u>	<u>41,080</u>	<u>34,864</u>
Totals	<u>\$103,688</u>	<u>47,250</u>	<u>56,438</u>

5. Classification of public support and revenue

The major classifications of public support and revenue are disclosed in the Combined Statement of Support, Revenue and Expenses and Changes in Fund Balances.

6. Reliance on companies for contract work

For the year ended June 30, 1996, approximately \$49,238 of revenue received for services provided by the clients came from oral contracts with three local companies. There are no written contracts with these companies, and there is no assurance that such work will continue to be contracted with Minden Association for Retarded Citizens, Inc.

MINDEN ASSOCIATION FOR RETARDED CITIZENS, INC.
Notes to Combined Financial Statements
June 30, 1996

1. Nature of business

Minden Association for Retarded Citizens, Inc. is a not-for-profit public service Association exempt from federal income taxation under Internal Revenue Code Section 501(c) (3). Revenues are derived primarily from the following:

- a) Louisiana Department of Health and Hospitals
- b) United Way
- c) Contributions from the general public
- d) Contract work by the retarded clients for various types of companies
- e) Louisiana Rehabilitation Services - Supported Employment on a fee-for-service basis to support work crews consisting of the Association's retarded clients.
- f) State of LA - MR/DD Waiver on a fee-for-service basis to provide Prevocational Rehabilitation to clients.

The Association provides education, training, work opportunities, supported employment, and prevocational rehabilitation to mentally retarded adults.

2. Significant accounting policies

The following is a summary of certain significant accounting policies:

- a) Land, building and equipment are stated at cost less accumulated depreciation. All depreciable assets are depreciated under the straight-line method over their estimated useful lives as follows:

<u>Assets</u>	<u>Estimated Life</u>
Vehicles	5 years
Furniture and equipment	5-10 years
Leasehold improvements	15 years

- b) Donations are considered available for unrestricted use, unless specifically restricted by the donor. Donated materials and equipment are treated as general contributions in the accompanying statements at their estimated values at date of receipt. No amounts are reflected in the statements for donated services since no objective basis is available to measure the value of such services.
- c) The assets, liabilities and fund balances of the Association are reported in two self-balancing fund groups as follows:

MINDEN ASSOCIATION FOR RETARDED CITIZENS, INC.
 COMBINED STATEMENT OF FUNCTIONAL EXPENSES
 Year Ended June 30, 1996

	<u>Adult Services</u>
Salaries	\$220,694
Payroll taxes	<u>9,222</u>
Total salaries and payroll expense	<u>229,916</u>
Professional services	23,081
Insurance	12,291
Affiliation dues	2,393
Licenses	474
Office supplies	1,300
Vehicle gas, oil and repairs	14,876
Postage	361
Training materials	598
Telephone	1,947
Production supplies	9,931
Building and grounds maintenance and repair	4,061
Utilities	9,802
Vehicle lease	14,333
Building lease	18,000
Food	15,162
Cleaning supplies	3,558
Outside services	1,537
Miscellaneous	<u>13,241</u>
Total other expenses before depreciation	<u>146,946</u>
Depreciation	<u>11,502</u>
Total expenses	<u>\$388,364</u>

The accompanying notes are an integral part of these financial statements.

MINDEN ASSOCIATION FOR RETARDED CITIZENS, INC.
 COMBINED STATEMENT OF SUPPORT, REVENUE AND EXPENSES
 AND CHANGES IN FUND BALANCES
 Year Ended June 30, 1996

	<u>General Fund- Unrestricted</u>	<u>Leasehold Improve- ments and Equip- ment Fund</u>	<u>Total-All Funds (Memorandum Only)</u>
PUBLIC SUPPORT AND REVENUE:			
Public support:			
Department of Health and Hospitals	\$202,714	-	202,714
United Way	8,209	-	8,209
Contributions - general	<u>5,575</u>	<u>-</u>	<u>5,575</u>
Total public support	<u>216,498</u>	<u>-</u>	<u>216,498</u>
Revenue:			
Louisiana Rehabilitation Services - Supported Employment	10,972	-	10,972
State of LA - MR/DD Waiver - Prevocational Rehabilitation	11,517	-	11,517
State of LA - Dept of Transportation - Matching Funds - Elderly and Disabled Program	-	11,687	11,687
Other contract services provided	65,295	-	65,295
Membership dues	170	-	170
Interest	6,061	-	6,061
Other revenue	<u>15,140</u>	<u>-</u>	<u>15,140</u>
Total revenue	<u>109,155</u>	<u>11,687</u>	<u>120,842</u>
Total public support and revenue	<u>325,653</u>	<u>11,687</u>	<u>337,340</u>
EXPENSES:			
Adult services	<u>376,862</u>	<u>11,502</u>	<u>388,364</u>
Total expenses	<u>376,862</u>	<u>11,502</u>	<u>388,364</u>
EXCESS (DEFICIENCY) OF PUBLIC SUPPORT AND REVENUE OVER EXPENSES	(51,209)	185	(51,024)
Fund balances at beginning of year	210,377	40,712	251,089
Transfers	<u>(15,541)</u>	<u>15,541</u>	<u>-</u>
Fund balances at end of year	<u>\$143,627</u>	<u>56,438</u>	<u>200,065</u>

The accompanying notes are an integral part of these financial statements.

MINDEN ASSOCIATION FOR RETARDED CITIZENS, INC.
 COMBINED BALANCE SHEET
 June 30, 1996

	<u>General Fund- Unrestricted</u>	<u>Leasehold Improve- ments and Equip- ment Fund</u>	<u>Total-All Funds (Memorandum Only)</u>
ASSETS			
Cash in banks	\$ 39,107	-	39,107
Certificates of deposit	96,213	-	96,213
Accounts receivable	14,778	-	14,778
Prepaid expenses	3,029	-	3,029
Leasehold improvements and equipment	-	103,688	103,688
Less: accumulated depreciation	-	<u>(47,250)</u>	<u>(47,250)</u>
Total assets	<u>\$153,127</u>	<u>56,438</u>	<u>209,565</u>
LIABILITIES AND FUND BALANCES			
Accounts payable	5,192	-	5,192
Payroll liabilities	<u>4,308</u>	<u>-</u>	<u>4,308</u>
Total liabilities	<u>9,500</u>	<u>-</u>	<u>9,500</u>
Fund balances	<u>143,627</u>	<u>56,438</u>	<u>200,065</u>
Total liabilities and fund balances	<u>\$153,127</u>	<u>56,438</u>	<u>209,565</u>

The accompanying notes are an integral part of these financial statements.

MINDEN ASSOCIATION FOR RETARDED CITIZENS, INC.
Notes to Combined Financial Statements
June 30, 1996

of the availability of matching funds for a Section 16 Grant funding to receive a new 7-passenger mini-van. During the year ended June 30, 1996, the Association issued a check to the Louisiana Department of Transportation for the matching funds for the Section 16 Grant. The letter of credit was never drawn upon and was returned to Minden Bank and Trust by the Louisiana Department of Revenue. The promissory note to Minden Bank and Trust was cancelled and is no longer in effect.

3. The Association's bank deposits at one financial institution exceeded the FDIC insurance coverage of \$100,000 leaving \$1,964.37 of the Association's bank deposits uninsured at June 30, 1996. We recommend that the Association take appropriate action to correct this situation.

The recommendations noted in prior year audits have been satisfactorily resolved by the Association.

We would like to express our appreciation for the cooperation and assistance extended to us during our audit. Should you have any questions concerning the contents of this letter or if we can be of any additional service, please contact us at your convenience.

Very truly yours,

JAMIESON, WISE & MARTIN

Jamieson, Wise & Martin

December 19, 1996

We noted certain immaterial instances of noncompliance that we have reported to the management of the Minden Association of Retarded Citizens, Inc. in a separate letter dated December 19, 1996.

This report is intended for the information of management, the Board of Directors, and the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

Jamison, Wise, Martin

Minden, Louisiana
December 19, 1996

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

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

We have audited the combined financial statements of Minden Association for Retarded Citizens, Inc. as of and for the year ended June 30, 1996, and have issued our report thereon dated December 19, 1996.

We conducted our 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 we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to Minden Association for Retarded Citizens, Inc. is the responsibility of the Association's management. As part of obtaining reasonable assurance about whether the combined financial statements are free of material misstatement, we performed tests of the Association's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the combined 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.

In planning and performing our audit of the combined financial statements of the Minden Association for Retarded Citizens, Inc. as of and 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 design of 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 combined 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 combined 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 operation that we consider to be material weaknesses as defined above.

However, we noted certain matters involving the internal control structure and its operation that we have reported to the management of the Minden Association for Retarded Citizens, Inc. in a separate letter dated December 19, 1996.

This report is intended for the information of management, the Board of Directors, and the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

Jamieson, Wise & Martin

Minden, Louisiana
December 19, 1996

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

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

We have audited the combined financial statements of Minden Association for Retarded Citizens, Inc. as of and for the year ended June 30, 1996, and have issued our report thereon dated December 19, 1996.

We conducted our 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 we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free of material misstatement.

The management of Minden Association for Retarded Citizens, Inc. 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 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.

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying combined balance sheet of Minden Association for Retarded Citizens, Inc. at June 30, 1996, and the related combined statements of support, revenue and expenses and changes in fund balances, and functional expenses 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 combined financial statements based on our audit.

We conducted our 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 we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the combined financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall combined financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Minden Association for Retarded Citizens, Inc. at June 30, 1996, and the results of its operations and changes in fund balances 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 December 19, 1996, on our consideration of the Minden Association for Retarded Citizens, Inc.'s internal control structure and a report dated December 19, 1996, on its compliance with laws and regulations.

Jamieson, Wise & Martin

Minden, Louisiana
December 19, 1996

MINDEN ASSOCIATION FOR RETARDED CITIZENS, INC.
Annual Financial Report
June 30, 1996

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MINDEN ASSOCIATION FOR RETARDED CITIZENS, INC.

ANNUAL FINANCIAL REPORT

JUNE 30, 1996

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 MAR 26 1997

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