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ARCO

A Community Resource

FINANCIAL STATEMENTS

For The Year Ended June 30, 1997

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 FEB 25 1998

ASSOCIATION FOR RETARDED CITIZENS/OUACHITA

JUNE 30, 1997

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report -----	1
Statement of Financial Position -----	3
Statement of Activities -----	4
Statement of Functional Expenses -----	6
Statement of Cash Flows -----	8
Notes to Financial Statements -----	9

OTHER SUPPLEMENTARY DATA

Schedule 1 - Combining Schedule of Financial Position -----	15
Schedule 2 - Combining Schedule of Activities -----	17

SUPPLEMENTARY INFORMATION-
GRANT ACTIVITY

Schedule of Federal Awards -----	22
Schedule of State Awards -----	23
Notes to Schedule of Federal and State Awards -----	24
Independent Auditors' Report on Internal Control Structure Based on an Audit of Financial Statements Performed In Accordance With <i>Government Auditing Standards</i> -----	25
Independent Auditors' Report on Compliance Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> -----	27



John L. Luffey, MBA, CPA
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INDEPENDENT AUDITORS' REPORT

**The Board of Directors of Association for
Retarded Citizens/Ouachita
Monroe, Louisiana**

We have audited the accompanying statement of financial position of **Association For Retarded Citizens/Ouachita** (a nonprofit organization - the Association) as of June 30, 1997, 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 for financial and compliance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Louisiana Governmental Audit Guide* issued by the Louisiana Legislative Auditor and the Louisiana Society of Certified Public Accountants. 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 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 Association as of June 30, 1997, and the changes in its net assets and cash flows for the year then ended in conformity with generally accepted accounting principles.

**The Board of Directors of Association for
Retarded Citizens/Ouachita
Page 2**

In accordance with *Government Auditing Standards*, we have also issued a report dated December 9, 1997 on our consideration of the Association's internal control structure and a report dated December 9, 1997 on its compliance with laws and regulations.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The information included as "Other Supplementary Data" and "Supplementary Information – Grant Activity" in the Table of Contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Association. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink, reading "Ruffay, Huffman & Moore". The signature is written in a cursive, flowing style.

December 9, 1997

ASSOCIATION FOR RETARDED CITIZENS/OUACHITA
STATEMENT OF FINANCIAL POSITION
JUNE 30, 1997

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
ASSETS			
Cash	\$ 319,045	\$ 0	\$ 319,045
Accounts Receivable	129,366	71,851	201,217
Prepaid Expenses	1,783	17,927	19,710
Land, Building and Equipment	614,134	34,988	649,122
Accumulated Depreciation	(257,755)	(9,744)	(267,499)
TOTAL ASSETS	\$ <u>806,573</u>	\$ <u>115,022</u>	\$ <u>921,595</u>
LIABILITIES AND NET ASSETS			
Liabilities			
Accounts Payable	\$ 54,925	\$	\$ 54,925
Payroll Taxes Payable	8,178		8,178
Accrued Payroll	27,775		27,775
Notes Payable	322,273		322,273
Capital Lease Payable	355		355
Total Liabilities	<u>413,506</u>	<u>0</u>	<u>413,506</u>
Net Assets			
Unrestricted	393,067		393,067
Temporarily Restricted		115,022	115,022
Total Net Assets	<u>393,067</u>	<u>115,022</u>	<u>508,089</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>806,573</u>	\$ <u>115,022</u>	\$ <u>921,595</u>

The accompanying notes are an integral part of this statement.

ASSOCIATION FOR RETARDED CITIZENS/OUACHITA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 1997

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and Revenue			
Intergovernmental	\$ 1,478,979	\$ 0	\$ 1,478,979
Charges for Services	163,717		163,717
United Way Allocation		143,643	143,643
Contributions	15,268		15,268
Other Revenues	73,779		73,779
Total	<u>1,731,743</u>	<u>143,643</u>	<u>1,875,386</u>
Net Assets Released from Time Restrictions	<u>147,863</u>	<u>(147,863)</u>	<u>(0)</u>
Total Support and Revenue	1,879,606	(4,220)	1,875,386
Expenses			
Program Services			
Adult Habilitation	298,842		298,842
Vocational Rehabilitation	13,920		13,920
Supported Work Contracts	62,376		62,376
Supported/Independent Living	324,759		324,759
Community Homes:			
Mallard Home	194,687		194,687
Williams Home	231,936		231,936
Respite	101,325		101,325
Personal Care Attendant	86,045		86,045
Early Intervention	179,315		179,315
Total Program Services	<u>1,493,205</u>	<u>0</u>	<u>1,493,205</u>
Supporting Services			
Management and General	<u>356,514</u>		<u>356,514</u>
Total Expenses	<u>1,849,719</u>	<u>0</u>	<u>1,849,719</u>
Increase (Decrease) in Net Assets	29,887	(4,220)	25,667
Net Assets at Beginning of Year	381,106	101,316	482,422
Other Changes in Net Assets			
Deposit on Equipment	<u>(17,926)</u>	<u>17,926</u>	<u>0</u>
NET ASSETS AT END OF YEAR	<u>\$ 393,067</u>	<u>\$ 115,022</u>	<u>\$ 508,089</u>

The accompanying notes are an integral part of this statement.

ASSOCIATION FOR RETARDED CITIZENS/OUACHITA
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 1997

	<u>Adult Habilitation</u>	<u>Vocational Rehabil- itation</u>	<u>Supported Work Contracts</u>	<u>Supported/ Independent Living</u>
Salaries	\$ 195,099	\$ 12,480	\$ 53,307	\$ 249,924
Payroll Taxes	15,522	1,040	2	20,562
Pension	5,395	0	0	3,631
Total Salaries and Related Expenses	216,016	13,520	53,309	274,117
Dues and Subscriptions	1,468	0	0	684
Food	2,874	0	0	1,042
Insurance	25,418	343	1,150	13,554
Interest	1,870	0	0	1,845
Licenses and Inspections	589	0	0	440
Maintenance	2,952	0	3,136	2,983
Medical	1,633	0	0	2,270
Miscellaneous	8	0	0	82
Office Supplies and Postage	2,785	57	0	1,035
Professional Fees	2,450	0	1,994	1,053
Public Awareness	3,264	0	0	444
Rent	1,028	0	0	447
Supplies	682	0	1,763	669
Telephone	1,278	0	629	1,134
Training	6,715	0	0	2,402
Transportation	5,915	0	0	2,440
Travel	9,030	0	0	12,253
Utilities	3,018	0	0	3,396
Total	288,993	13,920	61,981	322,290
Depreciation of Buildings and Equipment	9,849		395	2,469
Total Functional Expenses	298,842	13,920	62,376	324,759
Allocation of Central Office Overhead to Programs	59,951	0	0	70,100
TOTAL PROGRAM AND SUPPORTING SERVICES EXPENSES	<u>\$ 358,793</u>	<u>\$ 13,920</u>	<u>\$ 62,376</u>	<u>\$ 394,859</u>

The accompanying notes are an integral part of this statement.

PROGRAM SERVICES

<u>Community Homes</u>		<u>Respite</u>	<u>Personal Care Attendant</u>	<u>Early Intervention</u>	<u>Total</u>	<u>Supporting Services Management and General</u>	<u>Total Expenses</u>
<u>Mallard Home</u>	<u>Williams Home</u>						
\$ 100,224	\$ 116,908	\$ 77,296	\$ 65,844	\$ 103,439	\$ 974,521	\$ 191,255	\$ 1,165,776
7,954	9,651	6,234	5,308	8,239	74,512	14,774	89,286
909	1,860	1,497	1,276	2,558	17,126	5,234	22,360
<u>109,087</u>	<u>128,419</u>	<u>85,027</u>	<u>72,428</u>	<u>114,236</u>	<u>1,066,159</u>	<u>211,263</u>	<u>1,277,422</u>
817	713	261	26	258	4,227	1,056	5,283
7,516	6,521	101	86	230	18,370	4,321	22,691
9,189	10,358	5,029	4,283	6,986	76,310	18,105	94,415
5,691	17,100	258	230	449	27,443	3,700	31,143
583	1,092	240	206	147	3,297	16	3,313
7,721	5,265	703	599	3,979	27,338	25,588	52,926
3,808	2,042	769	653	247	11,422	151	11,573
0	0	124	25	324	563	232	795
1,810	1,168	475	404	1,198	8,932	15,754	24,686
4,092	4,098	161	138	16,326	30,312	27,082	57,394
751	478	509	435	926	6,807	8,485	15,292
89	181	1,574	1,340	20,314	24,973	2,989	27,962
358	436	92	78	16	4,094	6,949	11,043
867	878	668	569	4,124	10,147	1,594	11,741
30,434	34,639	537	458	2,517	77,702	7,915	85,617
1,169	2,108	0	0	1,442	13,074	0	13,074
2,209	2,864	4,095	3,489	3,252	37,192	2,009	39,201
5,100	6,421	428	365	453	19,181	4,204	23,385
<u>191,291</u>	<u>224,781</u>	<u>101,051</u>	<u>85,812</u>	<u>177,424</u>	<u>1,467,543</u>	<u>341,413</u>	<u>1,808,956</u>
<u>3,396</u>	<u>7,155</u>	<u>274</u>	<u>233</u>	<u>1,891</u>	<u>25,662</u>	<u>15,101</u>	<u>40,763</u>
194,687	231,936	101,325	86,045	179,315	1,493,205	356,514	1,849,719
<u>26,548</u>	<u>36,160</u>	<u>30,445</u>	<u>24,699</u>	<u>38,075</u>	<u>285,978</u>	<u>(285,978)</u>	<u>0</u>
<u>\$ 221,235</u>	<u>\$ 268,096</u>	<u>\$ 131,770</u>	<u>\$ 110,744</u>	<u>\$ 217,390</u>	<u>\$ 1,779,183</u>	<u>\$ 70,536</u>	<u>\$ 1,849,719</u>

**ASSOCIATION FOR RETARDED CITIZENS/OUACHITA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 1997**

Cash Flows From Operating Activities

Increase in Net Assets	\$	25,667
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation		40,763
Loss on asset retirements		120
Donated assets included in contributions		(500)
Changes in assets and liabilities		
Accounts receivable		(12,051)
Other assets		(17,760)
Accounts payable and accrued expenses		24,132
Net cash provided by operating activities		60,371

Cash Flows From Investing Activities

Proceeds from sale of equipment		750
Purchase of equipment		(16,418)
Net cash used by investing activities		(15,668)

Cash Flows From Financing Activities

Payments on notes payable		(25,873)
Payments on capital leases		(2,266)
Net cash used by financing activities		(28,139)

Net Increase in Cash 16,564

Cash at Beginning of Year 302,481

CASH AT END OF YEAR \$ 319,045

Supplemental Disclosure of Noncash Financing Activities

Capitalization of UMTA van \$ 30,410

The accompanying notes are an integral part of this statement.

**ASSOCIATION FOR RETARDED CITIZENS/OUACHITA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1997**

Note 1 - Description of Organization

ARCO, A Community Resource, dba Association for Retarded Citizens/Ouachita (the Association) was established in 1954 and received their tax exempt status as a 501(c)(3) organization in January, 1962, to promote the general welfare of all persons with developmental disabilities. Their programs are designed to assist and train clients to become independent citizens within the community. The principal programs consist of vocational training, residential living, temporary care of clients, and early intervention.

Note 2 - Summary of Significant Accounting Policies

A. Basis of Presentation

The financial statements have been prepared on an accrual basis and in conformity with the standards promulgated by the American Institute of Certified Public Accountants in its *Audit Guide for Not-For-Profit Organizations*.

As of July 1, 1995, the Association adopted Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Association is 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 is required to present a statement of cash flows. At June 30, 1997, the Association had no permanently restricted net assets.

B. Contributions

In July, 1995, the Association also adopted 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 or nature of any donor restrictions. At June 30, 1997 the Association had a receivable of \$71,809 representing United Way contributions awarded during fiscal year ending June 30, 1997 but not received until after year end. Under SFAS No 116, such contributions are required to be reported as temporarily restricted support and are then reclassified to unrestricted net assets upon expiration of the related time restrictions.

C. Donated Services

Members, agencies, business firms, volunteers and others contribute substantial

**ASSOCIATION FOR RETARDED CITIZENS/OUACHITA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1997**

services toward the fulfillment of projects initiated by the Association. No amounts have been recognized in the Statement of Activities because the criteria for recognition of such volunteer effort under SFAS No 116 have not been satisfied.

D. Land, Buildings and Equipment

Land, buildings and equipment are stated at cost. All donated capital assets are recorded at fair market value on the date of the donation. Depreciation is computed on a straight-line basis over the useful lives of the assets using the following estimated lives:

	<u>Years</u>
Buildings	15 - 30
Furniture and Equipment	3 - 10
Vehicles	5

E. Compensated Absences

The financial statements do not include any accrual for vacation or sick pay. The Association's policy is that vacation days are taken or compensated prior to year end. Sick days may be accumulated to a maximum of 15 days; however, employees are not paid for any unused sick days upon termination.

F. Functional Expenses

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

G. Programs

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

Adult Habilitation - The Adult Habilitation's income is derived from the Louisiana Department of Health and Hospitals and the United Way. These funds are used to train clients in vocational and prevocational activities and supportive services. Service fees charged Community Homes' clients for training in the amount of \$59,895 are included in charges for services.

Vocational Rehabilitation - Vocational Rehabilitation's income is derived from the Department of Social Services, Office of Louisiana Rehabilitative Services. This

**ASSOCIATION FOR RETARDED CITIZENS/OUACHITA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1997**

program provides vocational training support to clients placed in jobs within the community.

Supported Work Contracts - Supported Work Contract's income is derived from janitorial services by clients.

Supported/Independent Living - Supported Independent Living's income is derived from the Louisiana Department of Health and Hospitals, United Way, Community Development Block Grant and Ouachita Council of Governments. This program, similar to Community Homes, helps the individual clients become more independent by providing support and training in their residences within the community.

Community Homes - Community Homes' income is derived from the Louisiana Department of Health and Hospitals. Clients pay a pro-rata share of the costs based on their income. This program provides clients' with a home environment within the community and helps them become more independent citizens. Clients in Community Homes are trained in the Adult Habilitation Program. Included in the expense is \$59,895 for this service.

Respite - Respite's income is derived from the Louisiana Department of Health and Hospitals and United Way. This program provides temporary care within the client's own home.

Personal Care Attendant - Personal Care Attendant's income is derived from Louisiana Department of Health and United Way. This program provides support and training for individuals in satisfying their own personal needs.

Early Intervention - Early Intervention's income is derived from the Louisiana Department of Health and Hospitals, United Way, Children's Trust Grant, Catholic Diocese of Shreveport Grant Department of Education and charges for therapeutic services (private insurance). This program provides training and therapeutic services to disabled infants, ages 0-3 years.

H. Tax-Exempt Status

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

**ASSOCIATION FOR RETARDED CITIZENS/OUACHITA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1997**

I. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Association considers demand deposits, time deposits and certificates of deposit with an original maturity of three months or less to be cash equivalents.

J. Accounting Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 3 - Land, Building and Equipment

Land, Building and Equipment consisted of the following at June 30, 1997:

Buildings	\$ 385,571
Furniture and Equipment	86,897
Motor Vehicles	110,501
Land	58,438
Capital Lease Equipment	7,715
Less: Accumulated Depreciation	<u>(267,499)</u>
 NET LAND, BUILDING AND EQUIPMENT	 <u>\$ 381,623</u>

Two vehicles were acquired through a federal grant. The Association retains title to these vehicles as long as they are kept, maintained and used for the Association's designated purpose. These vehicles are not to be sold or disposed of during its useful life, 5 years or 100,000 miles, without the state's permission; therefore, these vehicles and related accumulated depreciation are shown as temporarily restricted. The restriction will be rescinded from one vehicle in 1998 and the other in 2002, at which time the assets will be transferred from temporarily restricted to unrestricted.

**ASSOCIATION FOR RETARDED CITIZENS/OUACHITA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1997**

Note 4 - Notes Payable

Notes Payable consisted of the following at June 30, 1997:

Midland Loan Services	\$ 63,893
Regions Bank	78,910
Hibernia National Bank	179,470
TOTAL	<u>\$ 322,273</u>

The mortgage due Midland Loan Services is an adjustable rate mortgage reviewed every three years, secured by real estate and maturing in March, 2014. The monthly installments are \$515, including interest at 6.375 percent.

The amount due Regions Bank is a mortgage with interest at 7.75% and is secured by real estate. This mortgage is payable in 120 monthly installments of principal and interest in the amount of \$961.

The mortgage due Hibernia National Bank is a balloon mortgage secured by real estate and an assignment of life insurance. Monthly payments of \$2,470, including interest at 8.50%, are due through December, 2000. A final payment of the balance due plus accrued interest is due January 6, 2001.

The aggregate principal payments of indebtedness maturing during the next five years are as follow: 1998 - \$22,859; 1999 - \$24,784; 2000 - \$26,872; 2001 - \$140,165; 2002 - \$10,543 and thereafter - \$97,050.

Note 5 - Cafeteria Plan

In October 1986, the Association installed a cafeteria plan pursuant to Section 125 of the Internal Revenue Code. All full-time employees are eligible to participate in the plan with no cost to the Association.

Note 6 - Significant Concentrations of Credit Risk

The Association's cash and cash investments are on deposit with one federally insured financial institution. The bank balance of these funds totaled \$359,565, of which \$4,136 was not insured at June 30, 1997.

The Association's contracts are primarily with government agencies; therefore, a majority of its revenue and accounts receivable are derived from that source.

**ASSOCIATION FOR RETARDED CITIZENS/OUACHITA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1997**

Note 7 - Fair Value of Financial Instruments

Cash and cash equivalents, receivables and accounts payable

The carrying amount approximates fair value due to the short maturity of the instruments.

Long-term debt

At June 30, 1997, the carrying amount of the Association's long-term debt approximates its fair value, due to current refinancings, the relatively short maturity dates of the notes and/or the use of variable interest rates.

Note 9 - Operating Leases

Total rent expense for the year was \$27,962. The Association has several lease commitments. However, these leases are either on a month-to-month basis or contain "funding-out" clauses which allows the agreement to be cancelled.

Note 10 - Commitments and Contingencies

At June 30, 1997, the Association had no pending litigation or claims. However, subsequent to year end the Association was notified by an attorney for a client of injuries incurred as a result of actions by an Association employee. Management is of the opinion that any liability would be covered by insurance and would not materially affect the financial position of the Association at June 30, 1997.

Subsequent to the balance sheet date, the Association was informed of the results of an audit by the Louisiana Department of Health and Hospitals covering the fiscal year ending June 30, 1994. Among the findings in the audit were findings related to two patient's financial resources which could result in Medicare disallowances ranging from \$0 to \$105,000. Management is of the opinion that these findings are erroneous, and feels that no material adverse financial effect to the Associations' financial position would result from these items. However, the ultimate outcome of these matters is not presently known and the Association's June 30, 1997 financial statements do not include the effect of any adjustment which might be required as a result of the resolution of this uncertainty.

OTHER SUPPLEMENTARY DATA

ASSOCIATION FOR RETARDED CITIZENS/OUACHITA
COMBINING SCHEDULE OF FINANCIAL POSITION
JUNE 30, 1997

SCHEDULE 1

	General Fund	Vocational Fund	Vocational Rehabil- itation	Supported Work Contracts	Supported/ Independent Living
ASSETS					
Cash	\$ 317,799	\$ 75	\$ 0	\$ 0	\$ 50
Accounts Receivable	9,205	16,541	39	3,905	41,218
Due From Other Funds	236,504	192,282	16,841	43,381	0
Fixed Assets	197,508	60,444	0	1,975	3,612
Accumulated Depreciation	(87,354)	(31,326)	0	(1,676)	(557)
Land	36,638	0	0	0	0
Prepaid Expenses	1,033	17,979	0	0	318
TOTAL ASSETS	\$ 711,333	\$ 255,995	\$ 16,880	\$ 47,585	\$ 44,641
LIABILITIES AND NET ASSETS					
Liabilities					
Accounts Payable	\$ 17,350	\$ 8,631	\$ 0	\$ 920	\$ 6,380
Due to Other Funds	495,643	0	0	0	38,261
Payroll Taxes Payable	8,178	0	0	0	0
Accrued Payroll	27,775	0	0	0	0
Notes Payable	78,910	0	0	0	0
Capital Lease Payable	355	0	0	0	0
Total Liabilities	628,211	8,631	0	920	44,641
Net Assets					
Unrestricted	83,122	204,151	16,880	46,665	(5,027)
Temporarily Restricted	0	43,213	0	0	5,027
Total Net Assets	83,122	247,364	16,880	46,665	0
TOTAL LIABILITES AND NET ASSETS	\$ 711,333	\$ 255,995	\$ 16,880	\$ 47,585	\$ 44,641

<u>Community Homes</u>		<u>Respite</u>	<u>Personal Care Attendant</u>	<u>Early Intervention</u>	<u>Total All Funds</u>
<u>Mallard Home</u>	<u>Williams Home</u>				
\$ 120	\$ 1,000	\$ 0	\$ 0	\$ 0	\$ 319,044
20,568	26,302	37,244	7,201	38,994	201,217
159,173	0	0	0	84,992	733,173
93,828	221,390	0	0	11,927	590,684
(61,296)	(73,659)	0	0	(11,631)	(267,499)
8,000	13,800	0	0	0	58,438
252	100	7	0	20	19,709
<u>\$ 220,645</u>	<u>\$ 188,933</u>	<u>\$ 37,251</u>	<u>\$ 7,201</u>	<u>\$ 124,302</u>	<u>\$ 1,654,766</u>
\$ 7,692	\$ 6,500	\$ 3,701	\$ 0	\$ 3,751	\$ 54,925
0	190,082	1,984	7,201	0	733,171
0	0	0	0	0	8,178
0	0	0	0	0	27,775
63,893	179,470	0	0	0	322,273
0	0	0	0	0	355
<u>71,585</u>	<u>376,052</u>	<u>5,685</u>	<u>7,201</u>	<u>3,751</u>	<u>1,146,677</u>
149,060	(187,119)	(748)	0	86,083	393,067
0	0	32,314	0	34,468	115,022
<u>149,060</u>	<u>(187,119)</u>	<u>31,566</u>	<u>0</u>	<u>120,551</u>	<u>508,089</u>
<u>\$ 220,645</u>	<u>\$ 188,933</u>	<u>\$ 37,251</u>	<u>\$ 7,201</u>	<u>\$ 124,302</u>	<u>\$ 1,654,766</u>

**ASSOCIATION FOR RETARDED CITIZENS/OUACHITA
COMBINING SCHEDULE OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 1997**

SCHEDULE 2

	<u>General Fund</u>	<u>Vocational Fund</u>	<u>Vocational Rehabil- itation</u>	<u>Supportive Work Contracts</u>	<u>Supported/ Independent Living</u>
UNRESTRICTED NET ASSETS					
Revenues					
Intergovernmental	\$ 0	\$ 300,658	\$ 13,920	\$ 0	\$ 370,279
Charges For Services	0	59,895	0	58,847	993
Contributions	13,287	1,500	0	0	300
Other Revenues	66,010	(40)	0	2,261	0
Total unrestricted revenue	<u>79,297</u>	<u>362,013</u>	<u>13,920</u>	<u>61,108</u>	<u>371,572</u>
Net assets released from time restrictions					
	0	6,998	0	0	19,819
Total support	<u>79,297</u>	<u>369,011</u>	<u>13,920</u>	<u>61,108</u>	<u>391,391</u>
Expenses					
Depreciation and Amortization	2,373	13,375	0	395	6,546
Dues and Subscriptions	858	1,509	0	0	732
Food	4,188	2,902	0	0	1,074
Insurance	1,512	28,848	343	1,150	17,551
Interest	0	2,561	0	0	2,784
Licenses and Inspections	10	590	0	0	441
Maintenance	5	8,017	0	3,136	9,081
Medical	69	1,650	0	0	2,290
Miscellaneous	153	13	0	0	82
Office Supplies and Postage	8,430	4,306	57	0	2,797
Payroll Taxes	2,859	18,001	1,040	2	23,426
Pension	561	6,364	0	0	4,755
Professional Fees	450	7,981	0	1,994	7,461
Public Awareness	8,344	3,293	0	0	478
Rent	538	1,537	0	0	1,037
Richmond House	580	0	0	0	0
Salaries	34,888	227,671	12,480	53,307	287,513
Supplies	1,546	1,798	0	1,763	1,976
Telephone	269	1,535	0	629	1,464
Training	3,017	7,732	0	0	3,580
Transportation	0	5,915	0	0	2,440
Travel	0	9,447	0	0	12,736
Utilities	0	3,754	0	0	4,495
Total Expenses	<u>70,650</u>	<u>358,799</u>	<u>13,920</u>	<u>62,376</u>	<u>394,739</u>
Excess (Deficiency) of Revenues Over Expenses					
	8,647	10,212	0	(1,268)	(3,348)

<u>Community Homes</u>		<u>Respite</u>	<u>Personal Care Attendant</u>	<u>Early Intervention</u>	<u>Total All Funds</u>
<u>Mallard Home</u>	<u>Williams Home</u>				
\$ 265,089	\$ 247,734	\$ 82,879	\$ 71,625	\$ 126,795	\$ 1,478,979
11,268	26,064	4,399	0	2,251	163,717
181	0	0	0	0	15,268
0	0	4,992	0	556	73,779
<u>276,538</u>	<u>273,798</u>	<u>92,270</u>	<u>71,625</u>	<u>129,602</u>	<u>1,731,743</u>
0	0	36,259	37,660	47,127	147,863
<u>276,538</u>	<u>273,798</u>	<u>128,529</u>	<u>109,285</u>	<u>176,729</u>	<u>1,879,606</u>
4,535	8,365	1,893	381	2,900	40,763
835	738	282	44	285	5,283
7,528	6,538	115	98	248	22,691
10,738	12,474	6,784	5,775	9,240	94,415
6,039	17,607	664	576	912	31,143
584	1,093	240	207	148	3,313
10,052	8,508	3,365	2,866	7,317	52,347
3,816	2,052	778	660	258	11,573
0	73	124	25	324	794
2,491	2,101	1,247	1,061	2,196	24,686
9,061	11,164	7,489	6,377	9,867	89,286
1,344	2,455	1,990	1,696	3,195	22,360
6,569	7,488	2,967	2,528	19,956	57,394
764	496	524	448	945	15,292
317	493	1,832	1,560	20,648	27,962
0	0	0	0	0	580
114,757	136,760	93,744	79,854	124,802	1,165,776
863	1,125	660	563	749	11,043
991	1,055	812	691	4,295	11,741
30,889	35,263	1,053	898	3,185	85,617
1,169	2,108	0	0	1,442	13,074
2,396	3,120	4,307	3,669	3,526	39,201
5,497	7,020	900	767	952	23,385
<u>221,235</u>	<u>268,096</u>	<u>131,770</u>	<u>110,744</u>	<u>217,390</u>	<u>1,849,719</u>
55,303	5,702	(3,241)	(1,459)	(40,661)	29,887

(Continued)

**ASSOCIATION FOR RETARDED CITIZENS/OUACHITA
COMBINING SCHEDULE OF ACTIVITIES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 1997**

SCHEDULE 2

	<u>General Fund</u>	<u>Vocational Fund</u>	<u>Vocational Rehabil- itation</u>	<u>Supportive Work Contracts</u>	<u>Supported/ Independent Living</u>
Other Financing Sources (Uses)					
Operating Transfers In	\$ 0	\$ 3,466	\$ 0	\$ 0	\$ 936
Operating Transfers Out	(6,194)	0	0	0	(2,577)
Total Other Financing Sources (Uses)	<u>(6,194)</u>	<u>3,466</u>	<u>0</u>	<u>0</u>	<u>(1,641)</u>
Increase (Decrease) in Unrestricted Net Assets	2,453	13,678	0	(1,268)	(4,989)
Temporarily Restricted Net Assets					
United Way Allocation	0	0	0	0	1,683
Net assets released from restrictions	0	(6,998)	0	0	(19,819)
Increase (Decrease) in Temporarily Restricted Net Assets	0	(6,998)	0	0	(18,136)
Total Increase (Decrease) in Net Assets	2,453	6,680	0	(1,268)	(23,125)
Net Assets at Beginning of Year	<u>80,669</u>	<u>240,684</u>	<u>16,880</u>	<u>47,933</u>	<u>23,125</u>
NET ASSETS AT END OF YEAR	<u>\$ 83,122</u>	<u>\$ 247,364</u>	<u>\$ 16,880</u>	<u>\$ 46,665</u>	<u>\$ (0)</u>

**SUPPLEMENTARY INFORMATION -
GRANT ACTIVITY**

**ASSOCIATION FOR RETARDED CITIZENS/OUACHITA
SCHEDULE OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 1997**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>C.F.D.A. Number</u>	<u>Federal Award Amount</u>	<u>Federal Awards Current Year</u>	
			<u>Revenue Recognized</u>	<u>Expenditures</u>
Flow-Through Programs				
Department of Education Office of Special Educational Services Early Intervention Program	84.181	\$ 8,100	\$ 8,100	\$ 8,100
Housing and Urban Development City of Monroe Supported Independent Living	14.218	<u>24,250</u>	<u>18,618</u>	<u>18,618</u>
TOTAL FEDERAL AWARDS		<u>\$ 32,350</u>	<u>\$ 26,718</u>	<u>\$ 26,718</u>

See Notes to Schedule of Federal and State Awards

**ASSOCIATION FOR RETARDED CITIZENS/OUACHITA
SCHEDULE OF STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 1997**

<u>Grantor Program/Program Title</u>	<u>Grant Assistance I.D. Number (OCDD#)</u>	<u>State Award Amount</u>	<u>State Awards Current Year</u>	
			<u>Revenue Recognized</u>	<u>Expenditures</u>
Louisiana Department of Health and Hospitals				
Office of Mental Retardation/ Developmental Disabilities: Early Intervention Program	000256	\$ 95,000	\$ 95,000	\$ 95,000
Office of Mental Retardation Supervised Independent Living	000269	24,922	24,922	24,922
Office of Mental Retardation Adult Habilitation	000265	216,312	209,413	209,413
Office of Human Services Respite	000266	67,812	64,544	64,544
Louisiana Department of Social Services				
Office of Community Services Early Intervention Program	511355	<u>8,400</u>	<u>8,312</u>	<u>8,312</u>
TOTAL STATE AWARDS		<u>\$ 412,446</u>	<u>\$ 402,191</u>	<u>\$ 402,191</u>

See Notes to Schedule of Federal and State Awards

**ASSOCIATION FOR RETARDED CITIZENS/OUACHITA
NOTES TO SCHEDULES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 1997**

1. General

The Schedules of Federal and State Awards presents the activity of all Federal and state awards programs of the **Association for Retarded Citizens/Ouachita**. All Federal awards received directly from Federal agencies, as well as Federal awards passed through other government agencies, is included in the Schedule of Federal Awards.

2. Basis of Accounting

The Schedules of Federal and State Awards are presented using the accrual basis of accounting.

3. Relationship to Combining Schedules of Activities

Federal, state and local government awards revenue and fees for service are included in intergovernmental revenue on the Statement of Activities. This revenue is further detailed on Schedule 2. Intergovernmental revenue consists of the following:

	<u>Federal Awards</u>	<u>State Awards</u>	<u>Local Government Assistance</u>	<u>Fees For Services</u>	<u>Total Inter- govern- mental Revenue</u>
Adult Habilitation	\$ 0	\$ 209,413	\$ 0	\$ 91,245	\$ 300,658
Mallard Home	0	0	0	265,089	265,089
Williams Home	0	0	0	247,734	247,734
Respite	0	64,544	0	18,335	82,879
Supervised Apartments	18,618	24,922	9,094	317,645	370,279
Early Intervention	8,100	103,312	0	15,383	126,795
Vocational Rehabilitation	0	0	0	13,920	13,920
Personal Care Attendant	<u>0</u>	<u>0</u>	<u>0</u>	<u>71,625</u>	<u>71,625</u>
<u>TOTALS</u>	<u>\$ 26,718</u>	<u>\$ 402,191</u>	<u>\$ 9,094</u>	<u>\$1,040,976</u>	<u>\$1,478,979</u>



Luffey
Huffman
& Monroe

CERTIFIED PUBLIC ACCOUNTANTS

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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**

**To the Board of Directors of Association
for Retarded Citizens/Ouachita**

We have audited the financial statements of **Association for Retarded Citizens/Ouachita** (a nonprofit organization - the Association) for the year ended June 30, 1997, and have issued our report thereon dated December 9, 1997.

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

Management of the Association 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, 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 our audit of the financial statements of the Association for the year ended June 30, 1997, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of

**The Board of Directors of Association for
Retarded Citizens/Ouachita**

expressing our opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

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

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



December 9, 1997



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Huffman
& Monroe

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

**To the Board of Directors of
Association for Retarded Citizens/Ouachita**

We have audited the financial statements of **Association for Retarded Citizens/Ouachita** (a nonprofit organization - the Association) as of and for the year ended June 30, 1997, and have issued our report thereon dated December 9, 1997.

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

Compliance with laws, regulations, contracts, and grants applicable to the Association is the responsibility of the Association's management. As part of obtaining reasonable assurance about whether the 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 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*.

**The Board of Directors of Association for
Retarded Citizens/Ouachita**

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

Ruffey, Hoffman & Korman

December 9, 1997