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A Professional Accounting Corporation
CERTIFIED PUBLIC ACCOUNTANTS

108 MEMORIAL DRIVE • POST OFFICE BOX 1190 • DONALDSONVILLE, LOUISIANA 70346 • TELEPHONE (504) 473-4179 • FAX (504) 473-7204

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

Board of Directors
Donaldsonville Area Association for Retarded Citizens, Inc.
Donaldsonville, Louisiana

We have audited the financial statements of Donaldsonville Area Association for Retarded Citizens, Inc. (DAARC) (a nonprofit organization) as of and for the years ended June 30, 1996 and 1995, and have issued our report thereon dated September 5, 1996.

We conducted our audits 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

This report is intended for the information of the board of directors, management, and the Legislative Auditor. However, this report is a matter of public record, and its distribution is not limited.

Postlethwaite & Netterville

Donaldsonville, Louisiana
September 5, 1996

DONALDSONVILLE AREA ASSOCIATION FOR RETARDED CITIZENS
(A NOT FOR PROFIT ORGANIZATION)

Donaldsonville, Louisiana

STATEMENTS OF ACTIVITIES
YEAR ENDED JUNE 30, 1996 AND 1995

	1996		1995	
	Unrestricted	Temporarily Restricted	Total	Total (Memorandum Only)
<u>REVENUES AND OTHER SUPPORT:</u>				
Public Support:				
Public contributions	\$ 6,362	\$ -	\$ 6,362	\$ 14,323
Benefits	3,755	-	3,755	4,280
Allocated by Capital Area United Way	21,579	-	21,579	21,456
Contributions from Government Agencies	534,704	-	534,704	545,863
Other Revenue:				
Membership dues - individual	2,186	-	2,186	3,455
Sales to public (net of expenses of \$21,883 and \$20,706, respectively)	80,517	-	80,517	59,868
Residential services	23,721	-	23,721	24,390
Interest	8,450	-	8,450	6,762
Miscellaneous revenue	4,789	-	4,789	3,498
Net assets released from restrictions:				
Satisfaction of program restrictions	11,844	(11,844)	-	-
Total revenues and other support	<u>697,907</u>	<u>(11,844)</u>	<u>686,063</u>	<u>683,895</u>
<u>EXPENSES AND LOSSES:</u>				
Residential services	222,353	-	222,353	236,714
Management and general	429,072	-	429,072	400,770
Total expenses	651,425	-	651,425	637,484
Loss on disposal of asset	-	-	-	1,861
Total expenses and losses	<u>651,425</u>	<u>-</u>	<u>651,425</u>	<u>639,345</u>
Change in net assets	46,482	(11,844)	34,638	44,550
Net assets at beginning of year	<u>453,701</u>	<u>11,844</u>	<u>465,545</u>	<u>420,995</u>
Net assets at end of year	<u>\$ 500,183</u>	<u>\$ -</u>	<u>\$ 500,183</u>	<u>\$ 465,545</u>

The accompanying notes are an integral part of these statements.

DONALDSONVILLE AREA ASSOCIATION FOR RETARDED CITIZENS
(A NOT FOR PROFIT ORGANIZATION)
Donaldsonville, Louisiana

STATEMENTS OF CASH FLOWS
YEAR ENDED JUNE 30, 1996 AND 1995

	<u>1996</u>	<u>1995</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Change in net assets	\$ 34,638	\$ 44,550
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	26,491	19,733
Loss on disposition of asset	66	1,861
(Increase) decrease in accounts receivable	21,552	(18,873)
(Increase) decrease in prepaid expenses	(180)	2,537
Increase (decrease) in accounts payable	(5,523)	1,102
(Decrease) in salaries payable	(2,643)	(4,299)
(Decrease) in payroll taxes withheld	(1,644)	(475)
(Increase) decrease in assets restricted for investment in vehicle	<u>11,844</u>	<u>(8,104)</u>
 NET CASH PROVIDED BY OPERATING ACTIVITIES	 <u>84,601</u>	 <u>38,032</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Net increase in certificates of deposit	(1,296)	(983)
Purchases of equipment	<u>(34,006)</u>	<u>(46,078)</u>
 NET CASH USED FOR INVESTING ACTIVITIES	 <u>(35,302)</u>	 <u>(47,061)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES:</u>		
Principal payments on notes payable	<u>(9,745)</u>	<u>(9,444)</u>
 NET CASH USED FOR FINANCING ACTIVITIES	 <u>(9,745)</u>	 <u>(9,444)</u>
Net increase (decrease) in cash and cash equivalents	39,554	(18,473)
Cash and cash equivalents at beginning of year	<u>133,973</u>	<u>152,446</u>
Cash and cash equivalents at end of year	<u>\$ 173,527</u>	<u>\$ 133,973</u>
Supplemental data:		
Interest paid	\$ 1,415	\$ 2,613

The accompanying notes are an integral part of these statements.



DONALDSONVILLE AREA ASSOCIATION FOR RETARDED CITIZENS
(A NOT FOR PROFIT ORGANIZATION)

Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS

9. Reclassification

Certain balances for 1995 have been reclassified to conform with the current year's presentation.

SUPPLEMENTARY INFORMATION



DONALDSONVILLE AREA ASSOCIATION FOR RETARDED CITIZENS
(A NOT FOR PROFIT ORGANIZATION)

Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS

1. **Summary of Significant Accounting Policies**

- A. The Association is a non-profit organization formed to furnish education and recreation to the mentally retarded and handicapped citizens of the Donaldsonville area. The Association is solely dependent upon appropriations from State agencies and other contributions.
- B. Buildings and equipment are recorded at cost and are being depreciated using the straight-line method over their estimated useful lives as follows:

Buildings	30 - 40 years
Transportation equipment	5 years
Other equipment	5 - 10 years

- C. Management has determined that all accounts receivable are collectible. Therefore, no reserve for uncollectible accounts has been established.
- D. The Association reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.
- The Association reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Association reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.
- E. Total columns on the financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.
- F. The preparation of financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.
- G. The Association considers all cash accounts and certificates of deposit with a maturity of three months or less when purchased to be cash and cash equivalents. Cash and cash equivalents for purposes of the statement of cash flows exclude temporarily restricted cash and cash equivalents.

DONALDSONVILLE AREA ASSOCIATION FOR RETARDED CITIZENS
(A NOT FOR PROFIT ORGANIZATION)

Donaldsonville, Louisiana

SCHEMULES OF EXPENSES
YEAR ENDED JUNE 30, 1996 AND 1995

	<u>1996</u>			<u>1995</u>
	<u>Residential</u>	<u>Management</u>	<u>Total</u>	<u>Total</u>
	<u>Services</u>	<u>and General</u>		<u>(Memorandum</u>
				<u>Only)</u>
<u>EXPENSES</u>				
Salaries and wages	\$ 107,829	\$ 270,426	\$ 378,255	\$ 350,167
Repairs and maintenance	7,248	21,572	28,820	15,576
Supplies	5,538	8,144	13,682	15,513
Utilities	5,204	4,498	9,702	14,730
Telephone	920	1,829	2,749	2,655
Transportation expenses	2,018	15,654	17,672	13,854
Food	11,992	13,552	25,544	23,698
Payroll taxes	8,308	20,219	28,527	26,826
Insurance	5,718	21,868	27,586	30,251
Professional fees	3,572	12,582	16,154	63,006
Medical	3,632	-	3,632	2,773
Training	2,882	1,549	4,431	3,156
Interest	1,415	-	1,415	2,613
Day program	23,473	-	23,473	24,390
Client allowance	2,294	-	2,294	1,926
Bed fee	18,388	-	18,388	17,485
Other	5,314	17,296	22,610	9,132
Total Expenses Before Depreciation	<u>215,745</u>	<u>409,189</u>	<u>624,934</u>	<u>617,751</u>
Depreciation of buildings and equipment	<u>6,608</u>	<u>19,883</u>	<u>26,491</u>	<u>19,733</u>
Total Expenses	<u>\$ 222,353</u>	<u>\$ 429,072</u>	<u>\$ 651,425</u>	<u>\$ 637,484</u>

For the purpose of this report, we have classified the significant internal control structure policies and procedures used in administering federal award programs in the following categories:

1. Cash receipts/revenue
2. Cash disbursements/expenses

For all of the internal control structure categories listed in the preceding paragraph, we obtained an understanding of the design of relevant policies and procedures and determined whether they have been placed in operation, and we assessed control risk.

During the year ended June 30, 1996, DAARC had no major federal award programs and expended 100 percent of its total federal awards under the following nonmajor programs:

1. IDEA, Part H
2. Supported Employment
3. Infant Rehabilitation

We performed tests of controls, as required by OMB Circular A-133, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements and amounts claimed or used for matching that are applicable to the aforementioned nonmajor programs. Our procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. 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, management, and the Legislative Auditor. However, this report is a matter of public record, and its distribution is not limited.

For: Keith ... Netterville

Donaldsonville, Louisiana
September 5, 1996

In planning and performing our audits of the financial statements of DAARC for the years ended June 30, 1996 and 1995, 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 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, management, and the Legislative Auditor. However, this report is also a matter of public record and its distribution is not limited.

Joseph M. Netherly

Donaldsonville, Louisiana
September 5, 1996



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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH THE GENERAL REQUIREMENTS APPLICABLE TO FEDERAL AWARD PROGRAMS

Board of Directors
Donaldsonville Area Association for Retarded Citizens, Inc.
Donaldsonville, Louisiana

We have audited the financial statements of Donaldsonville Area Association for Retarded Citizens, Inc. (DAARC) (a nonprofit organization) as of and for the years ended June 30, 1996 and 1995, and have issued our report thereon dated September 5, 1996.

We have applied procedures to test the compliance of DAARC with the following requirements applicable to its federal award programs, which are identified in the accompanying Schedule of Federal Awards, for the year ended June 30, 1996:

- 1.) political activity
- 2.) the Davis-Bacon Act
- 3.) civil rights
- 4.) cash management
- 5.) federal financial reports
- 6.) allowable costs/cost principles
- 7.) drug-free workplace
- 8.) administrative requirements
over federal financial awards

Our procedures were limited to the applicable procedures described in the Office of Management and Budget's "Compliance Supplement for Audits of Institutions of Higher Learning and Other Non-Profit Institutions." Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on DAARC's compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of our procedures disclosed no material instances of noncompliance with the requirements listed in the second paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that DAARC had not complied, in all material respects, with those requirements. Also, the results of our procedures did not disclose any immaterial instances of noncompliance with those requirements.

This report is intended for the information of the board of directors, management, and the Legislative Auditor. However, this report is a matter of public record, and its distribution is not limited.

Postlethwaite & Nettlesville

Donaldsonville, Louisiana
September 5, 1996



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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH SPECIFIC REQUIREMENTS APPLICABLE TO NONMAJOR FEDERAL AWARD PROGRAM TRANSACTIONS

Board of Directors
Donaldsonville Area Association for Retarded Citizens, Inc.
Donaldsonville, Louisiana

We have audited the financial statements of Donaldsonville Area Association for Retarded Citizens, Inc. (DAARC) (a nonprofit organization) as of and for the years ended June 30, 1996 and 1995, and have issued our report thereon dated September 5, 1996.

In connection with our audits of the financial statements of DAARC and with our consideration of the Association's internal control structure used to administer federal award programs, as required by Office of Management and Budget (OMB) Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Institutions," we selected certain transactions applicable to certain nonmajor federal award programs for the year ended June 30, 1996. As required by OMB Circular A-133, we have performed auditing procedures to test compliance with the requirements governing types of services allowed or unallowed, eligibility, and special tests and provisions (if any) that are applicable to those transactions. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on DAARC's compliance with these requirements. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of our procedures disclosed no material instances of noncompliance with the requirements listed in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that DAARC had not complied, in all material respects, with those requirements. Also, the results of our procedures did not disclose any immaterial instances of noncompliance with those requirements.

This report is intended for the information of the board of directors, management, and the Legislative Auditor. However, this report is a matter of public record, and its distribution is not limited.

Postlethwaite & Netterville

Donaldsonville, Louisiana
September 5, 1996



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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL STRUCTURE USED IN ADMINISTERING FEDERAL AWARDS

Board of Directors
Donaldsonville Area Association for Retarded Citizens, Inc.
Donaldsonville, Louisiana

We have audited the financial statements of Donaldsonville Area Association for Retarded Citizens, Inc. (DAARC) (a nonprofit organization) as of and for the years ended June 30, 1996 and 1995, and have issued our report thereon dated September 5, 1996.

We conducted our audits in accordance with generally accepted auditing standards; Government Auditing Standards, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Institutions." Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

In planning and performing our audits for the year ended June 30, 1996 and 1995, we considered the internal control structure of DAARC in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements of DAARC and to report on the internal control structure in accordance with OMB Circular A-133. This report addresses our consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal award programs. We have addressed internal control structure policies and procedures relevant to our audit of the financial statements in a separate report dated September 5, 1996.

The management of DAARC 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, and that federal award programs are managed in compliance with applicable laws and regulations. Because of inherent limitations in any internal control structure, errors, irregularities, or instances of noncompliance 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.

DONALDSONVILLE AREA ASSOCIATION FOR RETARDED CITIZENS
(A NOT FOR PROFIT ORGANIZATION)

Donaldsonville, Louisiana

SCHEDULE OF FEDERAL AWARDS

<u>Federal Grantor/Pass-Through Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Disbursements/ Expenditures</u>
Passed-through State Department of Education: IDEA, Part-H	84.181	
Supported Employment	84.126A/84.187A	\$ 11,414 18,776*
Passed-through State Department of Health and Hospitals: Social Services/Infant Rehabilitation/89-313 funds	84.009A	<u>773</u> \$ <u>30,963</u>

* This program represents 78% of the total program expenditures received at June 30, 1996.



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INDEPENDENT AUDITOR'S REPORT ON SCHEDULE OF FEDERAL AWARDS

Board of Directors
Donaldsonville Area Association for Retarded Citizens, Inc.
Donaldsonville, Louisiana

We have audited the financial statements of Donaldsonville Area Association for Retarded Citizens, Inc. (DAARC) (a nonprofit organization) as of and for the years ended June 30, 1996 and 1995, and have issued our report thereon dated September 5, 1996. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these basic financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Institutions." Those standards and OMB Circular A-133 require that we plan and perform the audits 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 audits provide a reasonable basis for our opinion.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements of DAARC taken as a whole. The accompanying Schedule of Federal Awards is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information in that 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.

Postlethwaite & Netterville

Donaldsonville, Louisiana
September 5, 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**

Board of Directors
Donaldsonville Area Association for Retarded Citizens, Inc.
Donaldsonville, Louisiana

We have audited the financial statements of Donaldsonville Area Association for Retarded Citizens, Inc. (DAARC) (a nonprofit organization) as of and for the years ended June 30, 1996 and 1995, and have issued our report thereon dated September 5, 1996.

We conducted our audits 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The management of DAARC 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 any 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.

INDEPENDENT AUDITORS' REPORT

DONALDSONVILLE AREA ASSOCIATION FOR RETARDED CITIZENS

(A NOT FOR PROFIT ORGANIZATION)

FINANCIAL STATEMENTS

JUNE 30, 1996 AND 1995



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INDEPENDENT AUDITORS' REPORT

DONALDSONVILLE AREA ASSOCIATION FOR RETARDED CITIZENS

(A NOT FOR PROFIT ORGANIZATION)

FINANCIAL STATEMENTS

JUNE 30, 1996 AND 1995

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date NOV 13 1996

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DONALDSONVILLE AREA ASSOCIATION FOR RETARDED CITIZENS
(A NOT FOR PROFIT ORGANIZATION)

Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS

6. Notes Payable

Note payable to a bank, dated 6/28/96, due on 6/28/98, payable in monthly installments of \$970.93, with an interest rate of 8.25%, secured by real estate and improvements and certificates of deposit.

Balances at June 30,
1996 1995

\$ 21,342 \$ 31,087

Note obligations mature as follows for years ending June 30:

1997	\$	10,269
1998		<u>11,073</u>
		<u>\$ 21,342</u>

7. Buildings and Equipment

Buildings and equipment at June 30, consist of the following:

	<u>1996</u>	<u>1995</u>
Building	\$ 178,979	\$ 174,138
Building improvements	98,138	98,138
Transportation equipment	73,178	70,915
Other equipment	<u>73,417</u>	<u>64,771</u>
	423,712	407,962
Less: Accumulated depreciation	(204,871)	(196,570)
	<u>\$ 218,841</u>	<u>\$ 211,392</u>

8. Fair Values of Financial Instruments

The Association's financial instruments, none of which are held for trading purposes, include cash, certificates of deposit, and a note payable. The Association estimates that the fair value of all financial instruments at June 30, 1996, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of financial position.



DONALDSONVILLE AREA ASSOCIATION FOR RETARDED CITIZENS
(A NOT FOR PROFIT ORGANIZATION)

Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS

2. Cash

At year end, the carrying amount of the Association's deposits was \$273,227 and the bank balance was \$288,062. Of the bank balance, \$129,600 was covered by federal depository insurance and \$158,462 was uninsured at June 30, 1996.

3. Lease Agreement

The Association holds rights and title to a lease agreement - a 99 year lease signed with the City of Donaldsonville on December 26, 1972. The lease was signed for the land on which the Association's buildings are located. The lease becomes null and void if the leased premises are no longer used as a school for the retarded children. Under the terms of the lease, the Association pays no rental expense.

4. Income Taxes

The Association is exempt from the income taxes under Section 501 (c) (3) of the Internal Revenue Code and is not considered a private foundation.

5. Restricted Funds

Temporarily restricted net assets are available for the following purpose:

	<u>1996</u>	<u>1995</u>
Purchase of a van/bus	\$ -	\$ 3,844
Purchase of a van	-	<u>8,000</u>
	<u>\$ -</u>	<u>\$ 11,844</u>

Net assets were released from donor restrictions by incurring expenses satisfying the purpose specified by donors as follows:

Purpose restriction accomplished:	
Purchase of a van/bus	\$ 3,844
Purchase of a van	<u>8,000</u>
Total restrictions released	<u>\$ 11,844</u>



Postlethwaite & Netterville

A Professional Accounting Corporation
CERTIFIED PUBLIC ACCOUNTANTS

108 MEMORIAL DRIVE • POST OFFICE BOX 1190 • DONALDSONVILLE, LOUISIANA 70346 • TELEPHONE (504) 473 4179 • FAX (504) 473 7204

INDEPENDENT AUDITORS' REPORT

Board of Directors
Donaldsonville Area Association for Retarded Citizens
Donaldsonville, Louisiana

We have audited the accompanying statements of financial position of Donaldsonville Area Association for Retarded Citizens, (a non-profit organization), as of June 30, 1996 and 1995 and the related statements of activities, and cash flows for the years 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 audits in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Institutions." 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 Donaldsonville Area Association for Retarded Citizens as of June 30, 1996 and 1995, and the results of its activities and its cash flows for the years then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated September 5, 1996 on our consideration of Donaldsonville Area Association for Retarded Citizens' internal control structure and a report dated September 5, 1996 on its compliance with laws and regulations.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Schedules of Expenses on page 9 is presented for purposes of additional analysis and is not a required part of the basic financial statements. 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.

Postlethwaite & Netterville

Donaldsonville, Louisiana
September 5, 1996

DONALDSONVILLE AREA ASSOCIATION FOR RETARDED CITIZENS
(A NOT FOR PROFIT ORGANIZATION)

Donaldsonville, Louisiana

STATEMENTS OF FINANCIAL POSITION
JUNE 30, 1996 AND 1995

	<u>1996</u>	<u>1995</u>
<u>ASSETS:</u>		
Cash	\$ 173,527	\$ 133,973
Certificates of deposit	99,700	98,404
Accounts receivable	41,843	63,395
Prepaid expenses	2,252	2,072
Assets restricted for investment in vehicle	-	11,844
Buildings and equipment, net	<u>218,841</u>	<u>211,392</u>
<u>TOTAL ASSETS</u>	<u>\$ 536,163</u>	<u>\$ 521,080</u>
<u>LIABILITIES AND NET ASSETS:</u>		
Accounts payable	\$ 5,810	\$ 11,333
Salaries payable	8,670	11,313
Payroll taxes withheld	158	1,802
Notes payable	<u>21,342</u>	<u>31,087</u>
TOTAL LIABILITIES	<u>35,980</u>	<u>55,535</u>
<u>NET ASSETS:</u>		
Unrestricted	500,183	453,701
Temporarily restricted	<u>-</u>	<u>11,844</u>
TOTAL NET ASSETS	<u>500,183</u>	<u>465,545</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 536,163</u>	<u>\$ 521,080</u>

The accompanying notes are an integral part of these statements.

