

RICHLAND ASSOCIATION FOR  
RETARDED CITIZENS, INCORPORATED  
Dulak, Louisiana

Independent Auditor's Report  
on Internal Control Structure  
June 30, 1996

This report is intended for the information of the board of directors and management of the Richland Association for Retarded Citizens, Incorporated, the Louisiana Department of Health and Hospitals Office For Citizens With Developmental Disabilities, and other interested state and federal agencies and should not be used for any other purpose.

Carter D. ...  
Cibola, Louisiana  
December 13, 1996

**RICHLAND ASSOCIATION FOR  
RETARDED CITIZENS, INCORPORATED**  
Dulhi, Louisiana  
**Independent Auditor's Report  
on Internal Control Structure  
June 30, 1996**

In planning and performing my audit of the financial statements of the Richland Association for Retarded Citizens, Incorporated, for the year ended June 30, 1996, I obtained an understanding of the internal control structure. With respect to the internal control structure, I obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and I assessed control risk in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, I do not express such an opinion.

I noted the following matter involving the internal control structure and its operation that I consider to be a reportable condition under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control structure that, in my judgment, could adversely affect the association's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

All accounting functions of the Association, i.e., depositing and posting receipts and preparing, posting and issuing checks are performed by one individual. Such functions are not compatible and should be performed by separate individuals, however, because of the size of the Association and its limited revenues, it is not economically feasible to correct this deficiency.

A material weakness is a reportable 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.

My consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered material weaknesses as defined above. However, I do not consider the reportable condition described above to be a material weakness.

*M. Carlton Dumas*  
CERTIFIED PUBLIC ACCOUNTANT

304 THUNDERBOLT ROAD • COLLEEN, LOUISIANA 71225 • TELEPHONE 337/844-5726

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

**RICHLAND ASSOCIATION FOR  
RETARDED CITIZENS, INCORPORATED**  
Delhi, Louisiana

I have audited the financial statements of the Richland Association for Retarded Citizens, Incorporated as of June 30, 1998, and for the year then ended, and have issued my report thereon dated December 13, 1998.

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

The management of the Richland Association for Retarded Citizens, Incorporated, 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.

HIGHLAND ASSOCIATION FOR RETARDED  
CITIZENS, INCORPORATED  
Deftd, Louisiana

Statement C

Statement of Functional Expenses  
For the Year Ended June 30, 1998

|                                     | <u>PROGRAM<br/>SERVICES -<br/>VOCATIONAL<br/>AND<br/>HABITATIVE</u> |
|-------------------------------------|---|
| Salaries:                           |   |
| Employees                           | \$991,807   |
| Program participants                | 7,180   |
| Payroll taxes                       | 8,494   |
| Total salaries and related expenses | <u>1,007,481</u>  |
| Accounting and audit                | 2,359   |
| Building renovation                 | 18,943  |
| Insurance                           | 19,445  |
| Licenses                            | 200   |
| Maintenance and repairs             | 1,743   |
| Postage                             | 128   |
| Rent                                | 1,334   |
| Supplies:                           |   |
| Cleaning                            | 1,236   |
| Office                              | 907   |
| Other                               | 15,380  |
| Telephones                          | 1,818   |
| Transportation                      | 27,501  |
| Utilities                           | 5,379   |
| Workshops                           | 64  |
| Miscellaneous                       | 1,123   |
| Total expenses before depreciation  | <u>268,457</u>  |
| Depreciation                        | 2,287   |
| Total expenses                      | <u>\$1,278,734</u>  |

See accompanying notes.

RICHLAND ASSOCIATION FOR  
RETARDED CITIZENS, INCORPORATED  
Delhi, Louisiana  
Independent Auditor's Report  
June 30, 1996

As discussed in Note 1A to the financial statements, in 1996 the Richland Association for Retarded Citizens, Incorporated, changed its financial statement presentation.



Cathie Dumas  
Culberson, Louisiana  
December 13, 1996

*M. Carlisle Dumas*  
CERTIFIED PUBLIC ACCOUNTANT

309 DONALDSON BLVD • CALUMIN, LOUISIANA 71225 • TELEPHONE 336/644-5726

**Independent Auditor's Report**

**RICHLAND ASSOCIATION FOR  
RETARDED CITIZENS, INCORPORATED**  
Delhi, Louisiana

I have audited the accompanying statements of financial position of the Richland Association for Retarded Citizens, Incorporated, as of June 30, 1996, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the management of the Richland Association for Retarded Citizens, Incorporated. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. These standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Richland Association for Retarded Citizens, Incorporated as of June 30, 1996, and the changes in its net assets and its cash flows for the year then ended, in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, I have also issued reports dated December 13, 1996, on my consideration of the Richland Association for Retarded Citizens, Incorporated's internal control structure and compliance with laws and regulations.

RICHLAND ASSOCIATION FOR  
RETARDED CITIZENS, INCORPORATED  
Delhi, Louisiana

Financial Statements  
With Independent Auditor's Report  
As of and for the Year Ended June 30, 1998

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**RICHLAND ASSOCIATION FOR  
RETARDED CITIZENS, INCORPORATED**  
Belle, Louisiana

Financial Statements  
With Independent Auditor's Report  
As of and for the Year Ended  
June 30, 1986

under provisions of state law, this report is a public document. A copy of the report has been submitted to the auditor, or reviewed, entry 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 12 1987



**RICHLAND ASSOCIATION FOR  
RETARDED CITIZENS, INCORPORATED**  
Belle, Louisiana

**Independent Auditor's Report  
on Compliance, etc.,  
June 30, 1996**

This report is intended for the information of the board of directors and management of the Richland Association for Retarded Citizens, Incorporated, the Louisiana Department of Health and Hospitals Office For Citizens With Developmental Disabilities, and other interested state and federal agencies and should not be used for any other purpose.



Cathey, Louisiana  
December 13, 1996

## FINANCIAL STATEMENTS

*M. Carleen Dumas*  
CERTIFIED PUBLIC ACCOUNTANT

208 DONALDSON BOULEVARD • CLAYTON, LOUISIANA 71225 • TELEPHONE 518-664-5726

**Independent Auditor's Report on Compliance  
Based on an Audit of Basic Financial Statements  
Performed in Accordance with Government Auditing Standards**

**RICHLAND ASSOCIATION FOR  
RETARDED CITIZENS, INCORPORATED**  
Delhi, Louisiana

I have audited the financial statements of the Richland Association for Retarded Citizens, Incorporated as of June 30, 1996, and for the year then ended, and have issued my report thereon dated December 13, 1996.

I conducted my audit in accordance with generally accepted auditing standards; Government Auditing Standards, issued by the Comptroller General of the United States; and the Louisiana Governmental Audit Guide, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor. These standards and the audit guide require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts and grants applicable to the Richland Association for Retarded Citizens, Incorporated, is the responsibility of the association's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, I performed tests of the Richland Association for Retarded Citizens, Incorporated's compliance with certain provisions of laws, regulations, contracts and grants. However, the objective of my audit of the financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, I do not express such an opinion.

The results of my tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

**RICHLAND ASSOCIATION FOR RETARDED  
CITIZENS, INCORPORATED**  
Delhi, Louisiana

**Statement B**

*Statement of Activities*  
For the Year Ended June 30, 1986

**UNRESTRICTED NET ASSETS**

**Support and Revenue:**

Support - contributions \$1,659

Revenue:

Reimbursements:

Department of Health and Hospitals 120,220

Louisiana Medical Assistance Program 21,640

Other 13,764

Service revenue:

Beauty shop 4,916

Ironing 6,325

Housekeeping 135

Cooking 3,086

Interest earnings 7,418

Other revenue 35

Total support and revenue 179,368

**Expenses**

Program services - vocational and rehabilitative 210,754

**DECREASE IN NET ASSETS** **(31,386)**

**NET ASSETS AT BEGINNING OF YEAR, RESTATED** **218,189**

**NET ASSETS AT END OF YEAR** **\$187,520**

See accompanying notes.

RICHLAND ASSOCIATION FOR  
RETARDED CITIZENS, INCORPORATED  
Deftn, Louisiana

STATEMENT OF CASH FLOWS  
For the Year Ended June 30, 1968

|  |                 |
|--|-----------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |                 |
| Decrease in net assets   | (\$31,386)      |
| Adjustments to reconcile decrease in net assets to<br>net cash provided by operating activities: |                 |
| Depreciation   | 2,187           |
| (Increase) in operating assets:  |                 |
| Accounts receivable  | (1,364)         |
| Increase (decrease) in operating liabilities:  |                 |
| Accounts payable   | 9,903           |
| Notes payable  | (1,408)         |
| Net cash provided by operating activities  | <u>122,968</u>  |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |                 |
| Purchase of equipment  | (915)           |
| Net decrease in cash and cash equivalents  | <u>(22,299)</u> |
| <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>  | <u>68,768</u>   |
| <b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>  | <u>46,469</u>   |

See accompanying notes.

**RICHLAND ASSOCIATION FOR  
RETARDED CITIZENS, INCORPORATED**  
Dulch, Louisiana

Notes to the Financial Statements  
As of and for the Year Ended June 30, 1996

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Richland Association for Retarded Citizens, Incorporated, is a nonprofit organization whose purpose is to provide vocational and habilitative services to mentally retarded citizens ages 22 years and older.

**A. FINANCIAL STATEMENT PRESENTATION**

In 1996, the Richland Association for Retarded Citizens, Incorporated, elected to adopt Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Richland Association for Retarded Citizens, Incorporated, 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 based upon the existence or absence of donor-imposed restrictions. In addition, the Richland Association for Retarded Citizens, Incorporated, is required to present a statement of cash flows. As permitted by this new statement, the Richland Association for Retarded Citizens, Incorporated, has discontinued its use of fund accounting and has, accordingly, reclassified its financial statements to present the three classes of net assets required. This reclassification had no effect on the change in net assets for the year ended June 30, 1996.

**B. BASIS OF ACCOUNTING**

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The accompanying financial statements are prepared on the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

**RICHLAND ASSOCIATION FOR  
RETARDED CITIZENS, INCORPORATED**  
Deftn, Louisiana  
Notes to the Financial Statements (Continued)

**C. ESTIMATES**

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

**B. FIXED ASSETS**

Fixed assets acquired by the Richland Association for Retarded Citizens, Incorporated, are considered to be owned by the association and are capitalized at cost. The depreciation of buildings and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis. The estimated useful lives are ten years for the building and five years for the equipment.

**E. CONTRIBUTIONS**

Contributions are recorded when received. All contributions are available for unrestricted use unless specifically restricted by the donor.

**F. THIRD PARTY REIMBURSEMENTS**

The Association receives approximately 87 per cent of its funding from third party reimbursements under contracts for the provision of adult vocational and habilitative services. In order to receive funding, the Association must comply with contract provisions. During the year ended June 30, 1996, the Association received funding under contracts with the Louisiana Department of Health and Hospitals, Office For Citizens With Developmental Disabilities; Delta-American Healthcare, Incorporated; and the Louisiana Medical Assistance Program.

**G. CASH AND CASH EQUIVALENTS**

At June 30, 1996, the Richland Association for Retarded Citizens, Incorporated, has cash and cash equivalents (bank balances) totaling \$165,085, as follows:

**RICHLAND ASSOCIATION FOR  
RETARDED CITIZENS, INCORPORATED**  
Dulch, Louisiana  
Notes to the Financial Statements

|                         |                  |
|-------------------------|------------------|
| Demand deposits         | \$45,000         |
| Certificates of deposit | <u>120,000</u>   |
| Total                   | <u>\$165,000</u> |

At June 30, 1986, the Association's bank balances were fully insured by FDIC insurance.

For purposes of the statement of cash flows, the Richland Association for Retarded Citizens, Incorporated, considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

**2. RECEIVABLES**

Receivables at June 30, 1986, in the amount of \$13,001, consist of reimbursements for expenses incurred prior to year end under contracts for the provision of vocational and habilitative services.

**3. LAND, BUILDINGS, AND EQUIPMENT**

A summary of land, buildings, and equipment at June 30, 1986, is as follows:

|                               |                 |
|-------------------------------|-----------------|
| Land and buildings            | \$17,040        |
| Equipment                     | 17,868          |
| Less accumulated depreciation | <u>(21,908)</u> |
| Total                         | <u>\$13,000</u> |

**4. NET ASSETS**

As discussed in Note 1A, the Richland Association for Retarded Citizens, Incorporated, reclassified its financial statements for the year ended June 30, 1986, to present the three classes of net assets required by SPAS No. 117. The following schedule reconciles unretalized net assets at the beginning of the year as shown on Statement B to total fund balances reported in the prior year financial statements:



**RICHLAND ASSOCIATION FOR  
RETARDED CITIZENS, INCORPORATED**  
Deft., Louisiana  
Notes to the Financial Statements

|   | <u>Unrestricted<br/>Fund<br/>Balance</u> | <u>Net<br/>Investment<br/>in Plant</u> | <u>Unrestricted<br/>Net Assets</u> |
|---|--|--|------------------------------------|
| Balance at July 1, 1993, as previously reported | \$185,368                                | \$23,341                               | NONE                               |
| Reclassification                                | <u>(185,368)</u>                         | <u>(23,341)</u>                        | <u>\$219,109</u>                   |
| Balance at July 1, 1995, as restated            | <u>NONE</u>                              | <u>NONE</u>                            | <u>\$219,109</u>                   |

**5. INCOME TAX STATUS**

The Richland Association for Retarded Citizens, Incorporated, is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in these financial statements.

**6. LITIGATION AND CLAIMS**

At June 30, 1995, the Association is not involved in any litigation nor is it aware of any asserted claims.

**Independent Auditor's Reports  
Required by Government Auditing Standards**

The following independent auditor's reports on compliance and on the internal control structure are prepared in compliance with the requirements of Government Auditing Standards, issued by the Comptroller General of the United States and the Louisiana Governmental Audit Code, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.

RICHLAND ASSOCIATION FOR  
RETARDED CITIZENS, INCORPORATED  
Della, Louisiana

STATEMENT OF FINANCIAL POSITION  
June 30, 1996

**ASSETS**

## Current assets:

|                           |                |
|---------------------------|----------------|
| Cash and cash equivalents | \$165,005      |
| Accounts receivable       | 12,000         |
| Total current assets      | <u>177,005</u> |

Land, buildings, and equipment  
(net of accumulated depreciation)

21,980

## TOTAL ASSETS

\$198,985

**LIABILITIES AND NET ASSETS**

Current liabilities - accounts payable

\$14,463

Unrestricted net assets

187,523

## TOTAL LIABILITIES AND NET ASSETS

\$198,986

See accompanying notes.