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RED RIVER ASSOCIATION FOR RETARDED CITIZENS, INC.

FINANCIAL STATEMENTS

JUNE 30, 1997

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the auditor, or controller, and by used either for 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: JAN 24 1998

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YOUNGBLICH & HODGES
A PROFESSIONAL ACCOUNTING CORPORATION

BATON ROUGE, LOUISIANA

YOUNGBLOOD & HODGES

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INDEPENDENT AUDITORS' REPORT

Thomas F. Youngblood, CPA
Member of Youngblood, CPA

CPA No. 177
Tenn. (04044) 177

Board of Directors
Red River Association for
Retarded Citizens, Inc.
Coushatta, LA

We have audited the accompanying balance sheet of Red River Association for Retarded Citizens, Inc. (a nonprofit organization) as of June 30, 1997, and the related statements of support, revenue and expenses and changes in fund balance and financial position 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, 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." These 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. 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 Red River Association for Retarded Citizens, Inc. as of June 30, 1997, and the results of its operations and changes in its financial position for the year then ended in conformity with generally accepted accounting principles.


YOUNGBLOOD & HODGES
Professional Accounting Corporation

November 20, 1997

RED RIVER ASSOCIATION FOR RETARDED CITIZENS, INC.

Balance Sheet

June 30, 1997

ASSETS

Current assets		
cash on hand and in bank		
including \$14,093 bearing interest		\$ 54,091
Property and equipment at cost (Note 1)		
Furniture, fixtures and equipment	26,642	
Automobile	<u>2,310</u>	
	28,952	
Less Accumulated depreciation	<u>2,666</u>	26,286
Total Assets		<u>\$ 80,317</u>

LIABILITIES AND FUND BALANCE

Liabilities	\$ -
Fund Balance	\$ 80,317
Total Liabilities and Fund Balance	<u>\$ 80,317</u>

See accompanying notes to the financial statements.

RED RIVER ASSOCIATION FOR RETARDED CITIZENS, INC.

Statement of Revenue and Expenses

Year Ended June 30, 1997

	<u>ARC</u>	Red River Institutions	Red River Total
Revenue:			
Division of Mental Retardation	\$208,301	\$ -	\$208,301
C-Base	28,994		28,994
Rates	-	69,090	69,090
Interest	2,867	782	3,649
Other	<u>2,846</u>	<u>12,841</u>	<u>15,687</u>
Total Revenue	218,008	82,713	300,721
Expenses:			
Accounting Services	2,588	-	2,588
Auto Expenses & Travel	7,142	-	7,142
Building Maintenance	2,907	-	2,907
Building Rent	17,400	-	17,400
Client Expenses	-	18,334	18,334
Client Transportation	792	-	792
Contract Labor	-	7,441	7,441
Depreciation	4,646	-	4,646
Food Supplies	-	17,326	17,326
Housekeeping	2,174	-	2,174
Insurance	5,265	-	5,265
Kitchen Supplies	-	2,382	2,382
Miscellaneous	-	2,260	2,260
Office Expenses	1,422	-	1,422
Other	15,719	-	15,719
Payroll Taxes	11,500	-	11,500
Salaries	101,431	62,002	163,433
Telephone	1,219	-	1,219
Utilities	<u>2,162</u>	<u>-</u>	<u>2,162</u>
Total Expenses	227,424	100,485	327,909
Revenue Over (Under) Expenses	<u>1,126</u>	<u>(17,772)</u>	<u>(16,646)</u>

See Accompanying Notes to the Financial Statements.

RED RIVER ASSOCIATION FOR RETARDED CITIZENS, INC.

Statement of Changes in Fund Balance

For the Year Ended June 30, 1993

Fund balance - June 30, 1992	\$101,643
Excess (Deficiency) of revenues over expenses	<u>512,568</u>
Fund Balance - June 30, 1993	<u>\$614,211</u>

See accompanying notes to the financial statements.

RED RIVER ASSOCIATION FOR RETARDED CITIZENS, INC.

Statement of Changes in Financial Position

For the Year Ended June 30, 1997

Working capital was provided (used) by:

Operations:

Excess (deficiency) of public support & revenues over expenses	\$ 119,560
Items not requiring working capital - depreciation	<u> 9,886</u>
	\$ <u>129,446</u>

Working capital was used for:

Purchase of property and equipment	<u> </u>
Increase (decrease) in working capital	\$ <u>(129,446)</u>

Changes in working capital by component:

Current assets - increase (decrease):	
Cash on hand and in bank	\$ 129,446

Current liabilities - increase (decrease):

Increase (decrease) in working capital	\$ <u>129,446</u>
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See accompanying notes to the financial statements.

RED RIVER ASSOCIATION FOR RETARDED CITIZENS, INC.

Notes to the Financial Statements

June 30, 1957

NOTE 1 Summary of Significant Accounting Policies

Organization and Operation

Red River Association for Retarded Citizens, Inc. (RRARC) was incorporated in 1976 as a non-profit corporation under the laws of Louisiana. Among the purposes of the organization are promotion of the general welfare of the mentally retarded and development of programs in their behalf.

RRARC sponsors a work program for its clients which operates under the name Red River Industries (RRI).

Income Taxes

The Internal Revenue Service has determined that RRARC is exempt from federal income tax under the provisions of Section 501 (c)(3) of the Internal Revenue Code of 1954.

NOTE 2 Funding From Division of Mental Retardation

RRARC receives funding from the State of Louisiana Division of Mental Retardation (DMR). Funding is provided under terms of a contract, which requires that RRARC provide adult day services to developmentally disabled citizens.

NOTE 3 Leases

RRARC leases the building that houses its operations from one of its employees on a month-to-month basis. The monthly rate is \$1,450, which is the amount for which the building was being leased prior to it being owned by the aforementioned employee.

NOTE 4 Significant Customers

Substantially all of the cash received from sales by RRI came from one customer.

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE FEDERAL REQUIREMENTS

To the Board of Directors of
Red River Association for Retarded Citizens, Inc.

We have audited the financial statements of Red River Association for Retarded Citizens, Inc. (a nonprofit organization) as of and for the year ended June 30, 1997, and have issued our report thereon dated November 21, 1997.

We have applied procedures to test Red River Association for Retarded Citizens, Inc.'s compliance with the following requirements applicable to its state contracts, which are identified in the accompanying schedule of state contracts, for the year ended June 30, 1997.

- Political activity
- Davis-Bacon Act
- Civil rights
- Cost management
- Allowable costs
- Drug-free workplace

Our procedures were limited to the applicable procedures described in the Office of Management and Budget's "Compliance Supplement for Audits of Educational Institutions and Other Nonprofit Institutions". Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on Red River Association for Retarded Citizens, Inc.'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 those procedures disclosed no material instances of noncompliance with the requirements listed in the first paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that Red River Association for Retarded Citizens, Inc. had not complied, in all material respects, with

these requirements.

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


W. S. Hodges
A Professional Accounting Corporation

November 21, 1997

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE IN ACCORDANCE WITH "GOVERNMENT AUDITING STANDARDS"

To the Board of Directors of
Red River Association for Retarded Citizens, Inc.

We have audited the financial statements of Red River Association for Retarded Citizens, Inc. (a nonprofit organization) for the year ended June 30, 1997, and have issued our report thereon dated November 21, 1997.

We conducted our 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 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 audit of the financial statements of Red River Association for Retarded Citizens, Inc. for the year ended June 30, 1997, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

The management of Red River Association for Retarded Citizens, Inc. is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may

nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purposes of this report, we have classified the significant internal control structure policies and procedures in the following categories:

Accounting Controls

Cash

Support, Receivables and Receipts

Expenditures for Supporting Services and Accounts Payable

Payroll and Related Liabilities

Property and Equipment

Governmental Financial Assistance Program

Administrative Controls

General Requirements

Political activity

Evinr-Lacson Act

Civil rights

Cash management

Allowable costs

Drug-free workplace

Specific Requirements

Types of services allowed

Eligibility

For all of the control categories listed above, 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.

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 also 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 Louisiana Legislative Auditor. However, this report is a matter of public record, and its distribution is not limited.


Wallace H. Hodges
Professional Accounting Corporation

November 21, 1997

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

To the Board of Directors of
Red River Association for Retarded Citizens, Inc.

We have audited the financial statements of Red River Association for Retarded Citizens, Inc. (a nonprofit organization) as of and for the year ended June 30, 1997, and have issued our report thereon dated November 21, 1997.

We conducted our audit in accordance with generally accepted auditing standards and ~~GOVERNMENT AUDITING STANDARDS~~, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to Red River Association for Retarded Citizens, Inc. is the responsibility of Red River Association for Retarded Citizens, Inc.'s management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of Red River Association for Retarded Citizens, Inc.'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 indicate that, with respect to the items tested, Red River Association for Retarded Citizens, Inc. complied, in all material respects, with the provisions referred to in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that Red River Association for Retarded Citizens, Inc. had not complied, in all material respects, with those provisions.