

CALAMBER ASSOCIATION FOR RETIRED CITIZENS, INC.  
FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

Year Ended June 30, 1989

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

APR 24 1990  
Release Date \_\_\_\_\_

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**INDEPENDENT AUDITORS' REPORT**

October 30, 1998

To the Board of Directors  
Caucasian Association for  
Notated Citizens, Inc.

We have audited the accompanying statement of financial position of Caucasian Association for Notated Citizens, Inc. (a nonprofit organization), as of June 30, 1998, and the related statements of activities, functional expenses and cash flows for the year then-ended. These financial statements are the responsibility of the Caucasian Association for Notated Citizens, Inc.'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 applicable to financial audits contained in *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. 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 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 Caucasian Association for Notated Citizens, Inc. as of June 30, 1998, 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*, we have also issued a report dated October 30, 1998, on our consideration of Caucasian Association for Notated Citizens, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on pages 10 and 28 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.



**CALGASSEM ASSOCIATION FOR RETARDED CITIZENS, INC.**

**Statement of Financial Position**

June 30, 1980

**ASSETS**

**CURRENT ASSETS**

Cash and cash equivalents, including interest-bearing accounts of \$1,439,422		\$ 1,531,644
Investments		847,620
Unconditional promises to give		84,000
Accounts receivable		
Grants and contracts	\$ 108,513	
Medical, net	100,000	
Work Activity, net	141,000	
Client liability, net	15,447	
Other	<u>18,380</u>	409,000
Arms and interest receivable		23,383
Merchandise inventory		45,109
Total current assets		<u>2,995,162</u>

**PROPERTY, PLANT, AND EQUIPMENT**

Buildings and improvements	1,815,087	
Leasehold improvements	80,000	
Furniture, fixtures, and equipment	800,700	
Transportation equipment	600,100	
Construction in progress	118,244	
	<u>3,208,344</u>	
Less accumulated depreciation and amortization	<u>11,208,890</u>	1,827,894
Land	<u>138,302</u>	1,967,690

**OTHER ASSETS**

Deposits		<u>10,000</u>
		<b><u>\$ 4,984,732</u></b>

The accompanying notes are an integral part of this Statement.

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accounts payable – trade	\$	49,089
Accounts payable – construction		85,043
Accounts salaries		34,170
Payroll taxes payable		18,585
Accrued expenses – other		<u>13,627</u>
Total current liabilities		190,514

**LONG-TERM DEBT**

-

**NET ASSETS:**

Unrestricted		4,872,433
Temporarily restricted		<u>88,080</u>
		<u>4,960,513</u>

\$ 4,859,242

## CALCIFIED ASSOCIATION FOR RETIRED CITIZENS, INC.

## Statement of Activities

Year ended June 30, 1999

	Unrestricted	Temporarily Restricted	Total
<b>REVENUE, GAINS AND OTHER SUPPORT</b>			
Federal, state and local grants/contracts	\$ 1,346,720	\$ -	\$ 1,346,720
Medical	1,830,080	-	1,830,080
United Way grants	-	158,800	158,800
Contributions	7,340	-	7,340
Membership dues	1,910	-	1,910
Auxiliary activities	1,848,040	-	1,848,040
Other programs fees	308,572	-	308,572
Fund raising	6,504	-	6,504
Investment income	157,419	-	157,419
Net assets released from restrictions			
Expiration of time restrictions-United Way	184,800	(184,800)	-
<b>TOTAL REVENUES, GAINS AND OTHER SUPPORT</b>	<b>4,669,891</b>	<b>4,800</b>	<b>4,674,691</b>
<b>EXPENSES AND LOSSES</b>			
Program activities	4,581,540	-	4,581,540
Supporting services			
Management and general	162,130	-	162,130
Fund raising	2,340	-	2,340
Loss on disposal of assets	75,382	-	75,382
<b>TOTAL EXPENSES AND LOSSES</b>	<b>4,821,392</b>	<b>-</b>	<b>4,821,392</b>
<b>INCREASE IN NET ASSETS</b>	<b>167,691</b>	<b>4,800</b>	<b>162,891</b>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<b>4,868,832</b>	<b>55,000</b>	<b>4,923,832</b>
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 4,872,432</b>	<b>\$ 59,800</b>	<b>\$ 4,932,232</b>

The accompanying notes are an integral part of this statement.

DELAWARE ASSOCIATION FOR RETARDED CITIZENS, INC.

(Statement of Functional Expenses)

Year Ended June 30, 1998

	Program Services		
	Work Activity	Adult Habitat	Infant (384-484848)
Salaries and wages	\$ 576,894	\$ 434,046	\$ 308,247
Payroll taxes	44,862	48,523	28,812
Total salaries and related expenses	621,756	482,569	337,059
Advertising	43	471	257
AIRC membership fees	-	-	-
Bad debts	15,797	-	751
Central office overhead	65,143	492,188	72,172
Consultants	-	293	-
Contract services	8,043	455	1,088
Day care tuition	-	-	5,710
Fees and subscriptions	-	1,717	284
Employee benefits	4,177	23,858	16,484
Indefinite services	-	-	-
Insurance	28,384	44,515	14,192
Licenses	63	-	680
Miscellaneous printer fees	-	-	-
Medical	-	298	-
Miscellaneous	1,050	5,808	4,683
Office expense	560	-	682
Professional services	23,811	6,322	2,683
Purchases-resale items	115,365	-	-
Rent	-	-	2,720
Repairs and maintenance	25,898	31,679	18,629
Services	298	1,919	5,207
Supplies	66,418	7,654	27,858
Telephone	629	5,881	5,148
Typewriter fees	22,273	34,085	1,200
Travel	6,262	3,647	14,808
Utilities	8,821	28,812	15,323
Total expenses before depreciation expense	1,029,281	1,215,730	674,458
Depreciation expense	69,289	77,258	39,328
	<u>\$ 1,098,570</u>	<u>\$ 1,292,988</u>	<u>\$ 713,786</u>

The accompanying notes are an integral part of this statement.

**Program Services**

<u>Residential Expends</u>	<u>Supervised Living</u>	<u>Respite</u>	<u>Alternatives</u>	<u>Total</u>
\$ 508,868	\$ 62,784	\$ 173,637	\$ -	\$ 2,288,493
42,718	4,381	13,582	-	180,828
801,700	67,485	187,219	-	2,528,091
-	48	267	-	1,081
-	-	-	-	-
18,308	-	-	-	30,057
824,218	28,080	28,745	-	720,585
51,907	988	-	-	51,898
802	270	182	-	11,280
-	-	-	-	2,750
2,884	224	224	-	5,297
12,165	757	913	-	52,374
108,808	264	-	(188,854)	-
22,167	1,129	5,128	-	173,255
2,788	80	383	-	4,880
128,887	-	-	-	128,887
1,758	-	-	-	2,028
28,128	3,223	271	26,297	28,094
28	-	19	-	1,281
-	-	-	-	21,200
-	-	-	-	115,581
-	-	-	-	2,120
12,768	916	265	(41,205)	47,372
1,427	832	288	-	8,575
114,237	888	268	(873)	218,181
2,818	282	697	-	14,458
18,827	1,380	-	(1,842)	23,582
1,824	2,283	28,468	-	48,584
22,822	-	-	-	28,224
1,644,837	101,278	286,248	(290,181)	4,288,087
43,284	288	207	-	218,023
\$ 1,688,121	\$ 101,566	\$ 286,455	\$ (290,181)	\$ 4,506,110



CALGASIDE ASSOCIATION FOR RETIRED CITIZENS, INC.

Statement of Functional Expenses - Continued

Year Ended June 30, 1989

	Supporting Services	
	Management and General	Fund Retain
Salaries and wages	\$ 74,020	\$ -
Payroll taxes	5,787	-
Total salaries and related expenses	80,817	-
Advertising	3,717	-
APIC membership fees	333	-
Bad debts	-	-
Central office overhead	1,450	-
Consultants	-	-
Contract services	-	-
Day camp utilities	-	-
Diary and subscriptions	1,891	20
Employer benefits	1,828	-
Habilitative services	-	-
Insurance	208	-
Licenses	-	-
Medical provider fees	-	-
Medical	-	-
Miscellaneous	608	540
Office expense	10,841	-
Professional services	-	-
Purchases - resale items	-	-
Rent	-	381
Repairs and maintenance	527	-
Supplies	324	-
Supplies	387	1,537
Telephone	-	-
Transportation	-	-
Taxes	-	-
Utilities	283	78
Total expense before depreciation expense	91,034	2,318
Depreciation expense	490	-
	<u>\$ 91,524</u>	<u>\$ 2,318</u>

The accompanying notes are an integral part of this statement.

## CALGASHEU ASSOCIATION FOR RETARDED CITIZENS, INC.

## Statement of Cash Flows

Year Ended June 30, 1998

## CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$	192,101
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation		243,885
Bad debts		98,897
Loss on the disposition of assets		18,347
Non-cash gains		(88,848)
Unrealized depreciation of investments		8,808
(Increase) decrease in:		
Unconditional promises to give		185,893
Accounts receivable		(25,091)
Accrued interest receivable		7,214
Inventory		(3,182)
Deposits		(433)
Increase (decrease) in:		
Accounts payable - trade		(7,481)
Accrued salaries		49,919
Payroll taxes payable		(18,087)
Accrued expenses - other		1,620
NET CASH PROVIDED BY OPERATIONS		\$ 377,448

## CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from maturity of investments		275,800
Proceeds from sale of fixed assets		4,841
Purchases of fixed assets and construction in progress		(254,850)
NET CASH USED BY INVESTING ACTIVITIES		\$ (74,209)

## CASH FLOWS FROM FINANCING ACTIVITIES

NET INCREASE IN CASH AND CASH EQUIVALENTS		\$ 421,639
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Cash and cash equivalents, July 1, 1998		\$ 1,110,080
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Cash and cash equivalents, June 30, 1999		\$ 1,531,719
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The accompanying notes are an integral part of this statement.

CALCASIEU ASSOCIATION FOR RETARDED CITIZENS, INC.

Notes to Financial Statements

June 30, 1998

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Calcasieu Association for Retarded Citizens, Inc. (CARC) is presented to assist in understanding CARC's financial statements. The financial statements and notes are representations of CARC's management, who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles, which have been consistently applied in the preparation of the financial statements.

1. Nature of Activities

Calcasieu Association for Retarded Citizens, Inc. was organized under Section 501 (c) (3) of the Internal Revenue Code as a nonprofit organization for the purpose of providing the following services to mentally and physically handicapped persons (clients) in Southwest Louisiana:

**Work Activity** - Clients provide services to area businesses on a contract basis and produce various retail articles for resale to the public.

**Job Rehabilitation** - Adults are taught day-to-day living skills and work opportunities.

**Infant Rehabilitation** - Infants through three years of age are taught basic developmental skills.

**Residential Services** - The Association maintains six community homes which house six clients each on a "round the clock" supervised basis.

**Supervised Independent Living** - Clients are placed in local apartments and are on a day-to-day, post-rite basis.

**Respite Services** - The Association provides sitters for parents and guardians of clients.

The majority of the funding for the above programs is provided by Medicaid and the State Office of the Louisiana Department of Health and Hospitals. Without this funding, the Association would be forced to find alternative funding sources in order to maintain operations.

2. Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

ICAL COVEN ASSOCIATION FOR NEIGHBRED CITIZENS, INC.

Notes to Financial Statements - Continued

June 30, 1989

NOTE A - SUMMARY OF SIGNIFIANT ACCOUNTING POLICIES (CONTINUED)

3. Basic of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, CNPC 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.

4. Use of 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.

5. Cash and Cash Equivalents

The Association considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

6. Investments

Investments consist of U.S. Treasury Notes with a cost of \$507,433 which do not meet the Association's definition of cash equivalents. The investments are carried at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities. Unrealized appreciation in assets classified as investments at June 30, 1989 was \$18,787.

7. Property, Plant, and Equipment

The Association follows the practice of recording assets at cost or estimated fair value at donated assets at date of donation. All assets with estimated useful lives in excess of one year are capitalized. Depreciation and amortization is provided on the straight-line method at rates calculated to allocate the recorded amounts over the estimated useful lives of the assets. Depreciation and amortization amounted to \$243,451, of which \$32,318 is included in central office overhead expense in the accompanying statement of functional expenses, for the year ended June 30, 1989 and may be allocated as follows:

Assets stated at historical cost	\$ 241,133
Donated assets recorded at fair value	<u>2,318</u>
<b>Total</b>	<b><u>\$ 243,451</u></b>

**CALIFORNIA ASSOCIATION FOR RETARDED CITIZENS, INC.**

**Notes to Financial Statements - Continued**

**June 30, 1989**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**8. Expense Allocation**

Direct costs are charged directly to the grants and programs in which the expense is incurred or they are allocated to the grants and programs based on the proportion of benefit resulting from the particular expenditures. All other costs not identifiable as direct charges are regarded as "central office overhead" and accumulated in a pool. This pool is distributed monthly to the grants and programs based on the proportion of each grant/program's direct costs to total direct costs, computed on a monthly basis.

**9. Eliminations**

For report purposes, all significant inter-departmental accounts and transactions have been eliminated.

**10. Income Taxes**

The Association is a nonprofit organization under Section 501(c)(3) of the Internal Revenue Code and generally is not subject to income taxes according to the provisions of Federal and Louisiana State income tax laws and regulations. In addition, CAARC has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(e)(1) of the code.

**11. Donated Services**

No amounts have been reflected in the statements for donated services inasmuch as no objective basis is available to measure the value of such services; however, a substantial number of volunteers have donated significant amounts of their time to the organization's program services.

**12. Designated Net Assets**

At its discretion, the Board may designate revenues for specific purposes. Any Board-designated funds would be segregated under the unrestricted net assets.

**13. Inventory**

Inventory is stated at the lower of cost or market. Cost is determined under the first-in, first-out method of accounting.

VALDENEU ASSOCIATION FOR RETARDED CITIZENS, INC.

Notes to Financial Statements - Continued

June 30, 1989

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

14. Restricted and Unrestricted Revenues and Support

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a 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.

15. Temporarily Restricted Net Assets

Temporarily restricted net assets of June 30, 1989 includes the principal amount of a donation received in a prior fiscal year. The donor placed certain stipulations on the use of these funds. As of June 30, 1989, some of the original donation of \$15,080 had been expended.

Also included in temporarily restricted net assets as of June 30, 1989 is the remaining United Way allocation not to be received for calendar year 1989 amounting to \$94,500.

16. Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

NOTE B - CASH AND CASH EQUIVALENTS

As of June 30, 1989, cash and cash equivalents consisted of the following:

Operating accounts, net of outstanding items	\$ 217,084
Mutual funds	382,179
Certificates of Deposit	<u>1,815,081</u>
	<u>\$ 2,414,344</u>

Mutual funds with a cost basis of \$180,540 are considered marketable equity securities and are carried at their fair value. Certificates of deposit are carried at their amortized cost which approximates market value.

CALCASIEU ASSOCIATION FOR RETARDED CITIZENS, INC.

Notes to Financial Statements - Continued

June 30, 1999

NOTE B - CASH AND CASH EQUIVALENTS (CONTINUED)

All cash deposits in operating accounts and certificates of deposit were fully collateralized as of June 30, 1999, either by FDIC limits or by pledged securities. However, a significant risk of loss existed as of June 30, 1999 with regard to the monies invested in mutual funds because these funds are not insured against market risk.

NOTE C - ACCOUNTS RECEIVABLE

Accounts receivable amounts in the accompanying statement of financial position and reported net of the following allowance for doubtful accounts:

Medicaid	\$ 1,938
Work Activity	13,864
Other Liability	<u>10,510</u>
Total Allowance	<u>\$ 26,312</u>

NOTE D - MEDICAID PROVIDER FEE

The Association's residential services program is required, under Louisiana P.L.S. 98-2621 (2805), to pay to the Department of Health and Hospitals a fee per patient-day for each bed which is in use or reserved for a patient. The total of such fees for the year ended June 30, 1999 is \$129,867.

NOTE E - RELATED PARTY TRANSACTIONS

Included in accounts receivable as of June 30, 1999 are operating advances of \$31,408 made in prior fiscal years to Louisiana Disabled Persons Finance Corporation, an affiliated non-profit organization under its common board of directors. In addition, Louisiana Disabled Persons Finance Corporation paid \$4,300 in management fees to Calcasieu Association for Retarded Citizens, Inc. for the year ended June 30, 1999. Condensed financial data of Louisiana Disabled Persons Finance Corporation as of and for the year ended June 30, 1999 is as follows:

Total Assets	\$ 407,682
Total Liabilities	818,000
Net Assets	<u>\$ (410,318)</u>
Total Revenue	\$ 98,081
Total Expenses	<u>118,970</u>
Change in Net Assets	<u>\$ (20,889)</u>

GALESHIRE ASSOCIATION FOR RETARDED CITIZENS, INC.

Notes to Financial Statements - Continued

June 30, 1989

NOTE J - CENTRAL OFFICE OVERHEAD

Included in central office overhead expense is the accompanying statement of Functional Expenses and the following related expense categories:

Salaries and wages	\$ 498,509
Payroll taxes	28,314
Total salary and related expenses	526,823
Advertising	88
Contract services	8,834
Dues and subscriptions	1,898
Employee benefits	28,718
Insurance	14,123
Miscellaneous	3,813
Office expense	9,493
Professional services	11,518
Repairs and maintenance	10,900
Supplies	4,568
Telephone	20,891
Travel	8,853
Utilities	11,838
Vending machine purchases	3,021
Total expenses before depreciation expense	680,121
Depreciation expense	27,258
Total central office overhead	\$ 707,379

NOTE K - LOSS CONTINGENCIES

At June 30, 1989, the Association was involved in two lawsuits, one of which has been settled after June 30, 1989 with no exposure to the Association. The remaining suit is currently being handled by the Association's insurance carrier and the carrier's attorney. Any judgment in excess of the insurance coverage would have to be paid by the Association. As of June 30, 1989, the attorneys were in the discovery stage of the proceedings and no estimate of loss or range of loss could be made. However, it is management's opinion at June 30, 1989, that the suit will be considered at no material cost to the Association.



## SUPPLEMENTARY INFORMATION

CALLAGHER ASSOCIATION FOR RETARDED CITIZENS, INC.

Schedule of Support, Revenue, and Expenses - Departmental

Year Ended June 30, 1989

	Central Office	West Activity	Adult Substation	Infant Substation
<b>Public support and revenue</b>				
Public support				
Federal, state and local grants/contracts	\$ -	\$ -	\$ 718,502	\$ 480,748
In-kind	-	-	102,940	-
United Way grant	-	58,280	43,200	87,808
Contributions	2,848	-	200	2,262
Total public support	2,848	58,280	864,842	570,818
Revenue				
Membership dues	1,600	-	-	-
Other program fees	-	-	200,290	30,808
Fund-raiser income	588	-	-	5,524
Auxiliary activities	4,208	1,808,187	400	262
Investment income	552,439	-	-	-
Total revenue	658,835	1,808,187	200,690	36,594
Total public support and revenue	587,684	1,866,467	1,065,532	607,412
Expenses and losses				
Program services	-	1,808,020	1,153,218	583,023
Supporting services				
Management and general	100,123	-	-	-
Fund-raising	2,340	-	-	-
Loss (gain) on disposition of assets	1089	18,208	-	-
Total expenses and losses	103,652	1,826,228	1,153,218	583,023
Excess (deficiency) of public support and revenue over expenses	\$ 484,032	\$ 40,239	\$ (87,686)	\$ 24,389

<u>Residential Services</u>	<u>Supervised Independent Living</u>	<u>Respite</u>	<u>Elimination</u>	<u>Total</u>
\$ -	\$ 44,291	\$ 80,198	\$ -	\$ 1,348,738
1,041,437	87,848	180,301	-	1,355,586
-	-	-	-	108,000
690	-	-	-	7,210
<u>1,042,017</u>	<u>132,138</u>	<u>260,327</u>	<u>-</u>	<u>2,498,710</u>
-	-	-	-	1,910
142,398	-	-	(182,698)	208,572
-	-	-	-	8,594
-	-	-	(47,439)	1,848,340
<u>142,398</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>152,478</u>
<u>1,084,323</u>	<u>132,138</u>	<u>260,327</u>	<u>(230,139)</u>	<u>4,873,461</u>
1,089,331	181,808	285,642	(230,139)	4,501,549
-	-	-	-	102,733
-	-	-	-	2,348
<u>10,181</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,347</u>
<u>1,089,182</u>	<u>181,808</u>	<u>285,642</u>	<u>(230,139)</u>	<u>4,891,359</u>
\$ 88,173	\$ 80,688	\$ 10,682	\$ -	\$ 189,543

**CRAGGSON, CANNON & GUILICHNI, L.L.P.**  
CERTIFIED PUBLIC ACCOUNTANTS

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

October 28, 1999

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

We have audited the financial statements of Calcasieu Association for Retarded Citizens, Inc., as of and for the year ended June 30, 1999, and have issued our report thereon dated October 29, 1998. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether Calcasieu Association for Retarded Citizens, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, 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.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Calcasieu Association for Retarded Citizens, Inc.'s internal control over financial reporting 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 over financial reporting. Our consideration of the internal control over financial reporting was not necessarily designed to detect all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements, being sufficient, 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 over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the Board of Directors, management and others within the organization, auditing agencies, and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties.

*Craggson, Cannon & Guilichni*

**CALCASIEU ASSOCIATION FOR RETIRED CITIZENS, INC.**

**Notes to Financial Statements - Continued**

**June 30, 1989**

**NOTE F - INVESTMENT INCOME**

Investment income included in the statement of activities is summarized as follows:

Interest Income	\$ 137,654
Net unrealized gains	<u>12,585</u>
<b>Total unrealized investment income</b>	<b><u>\$ 150,239</u></b>

**NOTE G - NONCASH INVESTING AND FINANCING ACTIVITIES**

During the year ended June 30, 1989, the Organization received two vehicle grants totaling \$48,040.

**NOTE H - RETIREMENT PLAN**

Effective September 1, 1987, a retirement savings plan was instituted for the benefit of eligible employees and adopted. The plan covers substantially all of the employees, with the exception of clerical employees, of Calcasieu Association for Retarded Citizens, Inc. who have attained the age of 21 and completed one year of service (at least 1,600 hours of service in a plan year). The plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Each participant of the plan may elect to defer from 1% to fifteen percent of his compensation. The maximum annual amount that an employee could contribute as an elective deferral for calendar years 1988 and 1989 was \$70,000 per year. For the year ended June 30, 1989, salary deferrals by eligible participants totaled \$91,912. The employer may make a matching contribution to each participant based on the participant's elective deferrals in a percentage set by the employer prior to the end of each plan year. For the year ended June 30, 1989, the Board of Directors adopted an employer contribution of 50% of the first 4% that an employee contributes. Additional amounts may be contributed at the option of the Board of Directors. For the year ended June 30, 1989, the employer match totaled \$29,844.

**NOTE I - PROMISES TO GIVE**

Unconditional promises to give at June 30, 1989 are as follows:

1988 United Way Allocation	\$ 25,500
Receivable in less than one year	\$ 84,500
Receivable in one to five years	-
Receivable in more than five years	<u>          </u>
<b>Total unconditional promises to give</b>	<b>84,500</b>
Less discounts to net present value	-
Less allowance for uncollectible promises receivable	<u>          </u>
<b>Net unconditional promises to give at June 30, 1989</b>	<b><u>\$ 84,500</u></b>