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Deafens Association For Retarded Citizens, Inc.
Monroeville, Louisiana

Financial Statements
As of and for the Years Ended
June 30, 1968 and 1967

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Deafens Association For Retarded Citizens, Inc.

DeSoto Association For Retarded Citizens, Inc.

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COOK & MORSEHART

Certified Public Accountants

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REPORT TO BOARD OF DIRECTORS

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REPORTING PERIOD: 1998

REPORT TO BOARD OF DIRECTORS
OF THE ASSOCIATION FOR PATENTED CITIZENS
FOR THE YEARS ENDED 1998
AND 1997

REPORT TO BOARD OF DIRECTORS
OF THE ASSOCIATION FOR PATENTED CITIZENS
FOR THE YEARS ENDED 1998
AND 1997

Independent Auditors' Report

To the Board of Directors
DeSoGo Association For Patented Citizens, Inc.

We have audited the accompanying statements of financial position of DeSoGo Association For Patented Citizens, Inc., a nonprofit organization as of June 30, 1998 and 1997, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the entity's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards and the standards applicable in 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 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.

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of DeSoGo Association For Patented Citizens, Inc. at June 30, 1998 and 1997, and the changes in its net assets 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 based our report dated November 20, 1998 on our consideration of DeSoGo Association For Patented Citizens, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Cook & Morsehart
Certified Public Accountants
November 20, 1998

DeSoto Association For Retarded Citizens, Inc.
 Statements of Financial Position
 June 30, 1988 and 1987

	<u>1988</u>	<u>1987</u>
Assets:		
Current assets:		
Cash	\$ 81,400	\$ 31,189
Accounts receivable	79,791	50,344
Total current assets	<u>161,191</u>	<u>81,533</u>
Property and Equipment	267,374	343,380
Accumulated depreciation	<u>(112,678)</u>	<u>(83,869)</u>
Net property and equipment	<u>154,696</u>	<u>259,511</u>
Other assets	58	50
Total assets	<u>\$ 315,945</u>	<u>\$ 341,094</u>
Liabilities and Net Assets:		
Current liabilities:		
Accounts payable	\$ 7,764	\$ 3,693
Payroll taxes payable	5,836	3,811
Total current liabilities	<u>13,600</u>	<u>7,504</u>
Net Assets:		
Invested:		
Operating	5,312	5,318
Designated for specific programs	98,880	89,738
Fixed assets	156,186	144,851
Total net assets	<u>260,378</u>	<u>239,907</u>
Total liabilities and net assets	<u>\$ 273,978</u>	<u>\$ 247,411</u>

The accompanying notes are an integral part of the financial statements.

Deafity Association For Retarded Children, Inc.
 Statements of Activities
 Years Ended June 30, 1999 and 1997

	1999	1997
	Restricted	Unrestricted
Revenues and Other Support:		
Contracts with governmental agencies		
(BCDB) - Vocational and Rehabilitative Services	\$ 218,237	\$ 289,517
(IRS) - Supported Employment	4,182	23,820
(BCDB) - Individualized Supported Living	3,812	4,126
(Indiana Medical Assistance) Program	8,684	16,882
Case Management	4,485	-
USOT - Visa grant	37,544	-
United Way allocation	7,118	7,688
Other contributions - community home	48,224	23,525
Service income - sheltered workshop	21,572	28,182
Membership dues	125	1,745
Contributions	1,008	1,497
Interest income	1,458	989
Miscellaneous	1,847	2,249
	<u>385,217</u>	<u>378,252</u>
Expenses:		
Adult habilitation services	281,708	248,872
Sheltered workshop	21,821	20,202
Case management	18,516	-
Other general	1,819	2,147
	<u>323,864</u>	<u>271,221</u>
Change in net assets	28,544	48,138
Net assets as of beginning of year	218,026	171,469
Net assets as of end of year	<u>\$ 246,570</u>	<u>\$ 219,607</u>

The accompanying notes are an integral part of the financial statements.

DeSoto Association For Retarded Citizens, Inc.
 Statement of Functional Expenses
 Year Ended June 30, 1958

	Sub				Total
	Rehabilitation Services	Student Workshop	Edu. Management	Other General	
Salary and wages	\$ 143,793	\$ 23,454	\$ 8,108	\$ --	\$ 175,355
Payroll taxes	13,276	-	788	-	14,144
Employee bene-fits	15,738	-	-	-	15,738
Accounting fees	3,540	-	-	-	3,540
Audit fees	5,680	-	-	-	5,680
Bank charges	133	-	-	19	151
Gas	58	-	-	-	58
Client expense	48	-	-	-	48
Fuel	21,814	-	-	-	21,814
Insurance	18,304	1,450	-	-	19,754
Maintenance - auto	12,293	-	-	-	12,293
Licenses	858	-	-	-	858
Office supplies	4,513	828	-	118	5,459
Postage	521	-	32	416	879
Repairs	3,248	1,850	-	-	5,098
Security	405	-	-	-	405
Staff training	5	-	-	-	5
General supplies	4,881	3,250	-	-	8,131
Telephone	3,861	-	-	-	3,861
Travel	1,320	-	1,675	120	3,115
Utilities	8,035	-	-	-	8,035
Facil maintenance	2,180	-	-	-	2,180
Miscellaneous	638	-	-	986	1,624
Depreciation	18,424	450	-	-	18,874
Total expenses	\$ 261,738	\$ 31,831	\$ 12,518	\$ 1,818	\$ 318,905

The accompanying notes are an integral part of the financial statements.

Debits Association For Retarded Citizens, Inc.
 Statement of Functional Expenses
 Year Ended June 30, 1997

	Adult Habilitation Services	Skilled Workshop	Other General	Total
Salary and wages	\$ 134,761	\$ 24,166	\$ -	\$ 158,927
F payroll taxes	18,288	-	-	18,288
Employee benefits	12,582	-	-	12,582
Accounting fees	2,213	-	-	2,213
Audit fees	5,185	-	-	5,185
Bank charges	185	-	-	185
Dues	389	-	-	389
Client expenses	374	-	-	374
Fuel	28,284	-	-	28,284
Insurance	18,251	937	-	19,188
Maintenance - auto	2,286	-	-	2,286
Licenses	181	-	-	181
Office supplies	2,686	305	-	2,991
Postage	888	-	384	1,272
Repairs	944	1,285	-	2,229
Security	782	-	-	782
Staff training	288	-	-	288
Cost of supplies	4,489	2,889	-	7,378
Telephone	2,882	-	-	2,882
Travel	1,885	-	143	2,028
Utilities	5,282	-	-	5,282
Vand maintenance	580	-	-	580
Miscellaneous	1,482	40	1,814	3,347
Depreciation	18,824	480	-	19,304
Total expenses	\$ 248,872	\$ 30,202	\$ 2,141	\$ 281,215

The accompanying notes are an integral part of the financial statements.

DeSoto Association For Retarded Children, Inc.
 Statements of Cash Flows
 Years Ended June 30, 1988 and 1987

	1988	1987
Operating activities		
Change in net assets	\$ 28,044	\$ 48,138
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	18,874	18,814
Increase/ decrease in operating assets:		
Accounts receivable	25,052	(34,085)
Increase (decrease) in operating liabilities:		
Accounts payable	3,757	(1,082)
Payroll taxes payable	1,224	13
Net cash provided in operating activities	29,882	28,042
Investing Activities		
Payments for property and equipment	(20,221)	(15,080)
Net cash used in investing activities	(20,221)	(15,080)
Net increase in cash	48,231	12,962
Cash as of beginning of year	30,189	18,823
Cash as of end of year	\$ 81,620	\$ 32,158

The accompanying notes are an integral part of the financial statements.

DeafLife Association For Retarded Citizens, Inc.
Notes to Financial Statements
June 30, 1998 and 1997

11) Summary of Significant Accounting Policies

A. Nature of Activities

DeafLife Association For Retarded Citizens, Inc. (DARC) is a nonprofit corporation under the laws of the State of Louisiana. DARC was established to provide adult habilitation services to mentally retarded citizens ages 22 years and older, within Orleans Parish, Louisiana.

B. Basis of Accounting

The financial statements of DARC have been prepared on the accrual basis of accounting.

C. Basis 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, the Organization 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.

D. Income Tax Status

DARC is a non-profit corporation and is exempt from state and federal income taxes under Section 501 (c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to DARC's tax-exempt purpose is subject to taxation as unrelated business income. DARC had no such income for this audit period.

E. 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 at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

F. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, DARC considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

(Continued)

DeSoto Association For Retarded Citizens, Inc.
Notes to Financial Statements
(Continued)
June 30, 1989 and 1987

B. Property and Equipment

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful life of each asset. The State of Louisiana has a reversionary interest in property purchased with state funds. Its disposition as well as the ownership of any proceeds therefrom is subject to state regulations.

B. Revenue 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.

Contract grant revenue is reported as unrestricted support due to the restriction imposed on those funds by the funding sources being met in the same reporting period as the revenue is earned.

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.

L. Retirement Obligations

The employees of DARC are members of the Social Security System. There are no other retirement plans available through the organization.

(2) Concentrations of Credit Risk

Financial instruments that potentially subject DARC to concentrations of credit risk consist principally of temporary cash investments and accounts receivable. Concentrations of credit risk with respect to accounts receivable are limited due to those amounts being due from government agencies under contractual terms. As of June 30, 1989 and 1987, DARC had no significant concentrations of credit risk in relation to accounts receivable. DARC maintains cash balances at several financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000. As June 30, 1989 and 1987 there were no uninsured balances.

(Continued)

DeCata Association For Retarded Citizens, Inc.
Notes to Financial Statements
(Continued)
June 30, 1988 and 1987

(3) Accounts Receivable

Various funding sources provide reimbursement of allowable costs and payment on units of service in connection with providing services under contracts or agreements. These balances represent amounts due from the funding sources at June 30, 1988 and 1987 but not received until after those dates as follows:

	1988	1987
OCDB - Vocational and Rehabilitative Services	\$ 12,784	\$ 28,518
URS - Supported Employment	181	2,488
OCDB - Individualized Supported Living	308	3,815
Louisiana Medical Assistance Program	-	3,449
Case Management	2,647	-
Other contractual - community home	5,389	14,080
Service income - sheltered workshop	2,572	1,012
	<u>\$ 25,281</u>	<u>\$ 58,362</u>

(4) Property and Equipment

A summary of fixed assets as of June 30, 1988 and 1987 follows:

	Estimated Useful Life	1988 Cost	1987 Cost
		Basis	Basis
Land	N/A	\$ 8,000	\$ 8,000
Buildings and improvements	31.5 years	111,848	111,848
Automobiles - vans	5 years	84,408	70,718
Furniture and fixtures	5-10 years	22,871	22,478
Other	5 years	30,852	38,257
		<u>\$ 267,379</u>	<u>\$ 242,301</u>

Depreciation expense for the years ended June 30, 1988 and 1987 was \$18,874 and \$18,024, respectively.

(5) Designated Unrestricted Net Assets

This balance represents net assets designated by the organization for vocational and rehabilitative services and sheltered workshop activities.

(Continued)

BoGen Association For Retarded Citizens, Inc.
Notes to Financial Statements
(Continued)
June 30, 1988 and 1987

(ii) Third Party Reimbursements

BARC receives approximately 80% of its funding from third party reimbursements under contracts for the provision of vocational and habilitative services. The continued existence of these funds is based on annual contractual renewals with the various funding sources.

COOK & SHERBART

Certified Public Accountants

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Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

To the Board of Directors
DeSoto Association For Retarded Citizens, Inc.
Birmingham, Louisiana

We have audited the financial statements of DeSoto Association For Retarded Citizens, Inc. as of and for the year ended June 30, 1998, and have issued our report thereon dated November 30, 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 DeSoto 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 these provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclose 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 DeSoto 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 would not necessarily disclose 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 misstatement to its 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 non-compliance with the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of management, the Board of Directors and the various funding sources of the Agency. However, this report is a matter of public record and its distribution is not limited.



Cook & Monahan
Certified Public Accountants
November 30, 1998

DeBets Association For Retarded Citizens, Inc.
Marrfield, Louisiana
Summary Schedule of Audit Findings for Louisiana Legislative Auditor
June 30, 1988

Summary Schedule of Prior Audit Findings

There were no findings or management letter comments for the prior year ended June 30, 1987.

Corrective Action Plan for Current Year Audit Findings

There are no findings or management letter comments for the current year ended June 30, 1988.