

THE ARC OF NORTH WESTER
SABRETT, LOUISIANA

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FINANCIAL STATEMENTS

June 30, 1990

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Release Date 10/9/90

THE ARC OF NORTH WEBSTER

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Independent Auditor's Report

To the Board of Directors
The ARC of North Webster
Bossier, Louisiana

We have audited the accompanying statements of financial position of The ARC of North Webster as of June 30, 1999 and 1998, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of The ARC of North Webster'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 *Governor's 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. 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 The ARC of North Webster as of June 30, 1999 and 1998, and the results of its operations and cash flows for the years then ended in conformity with generally accepted accounting principles.

In accordance with *Governor's Auditing Standards*, we have also issued our report dated November 19, 1999, on our consideration of The ARC of North Webster's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.


Certified Public Accountants

November 19, 1999

THE ARC OF NORTH WUBSTER

Statements of Financial Position

June 30, 1999 and 1998

ASSETS

	<u>1999</u>	<u>1998</u>
Cash and cash equivalents	85,591	135,357
Accounts receivable - net	155,643	83,783
Accrued interest	4	8
Investment - stock	1,118	1,118
Inventory	373	619
Land, buildings and equipments - net	115,853	144,783
Utility deposits	689	689
Total Assets	<u>578,669</u>	<u>507,375</u>

LIABILITIES AND NET ASSETS

Liabilities		
Accounts payable	9,710	8,189
Accrued and withheld taxes and expenses	9,454	9,481
Long-term debt	1,177	4,034
Total Liabilities	<u>20,341</u>	<u>21,704</u>
Net Assets		
Unrestricted	562,188	370,649
Total Unrestricted Net Assets	<u>562,188</u>	<u>370,649</u>
Total Liabilities and Net Assets	<u>578,669</u>	<u>507,375</u>

THE ARC OF NORTH WEBSTER

Statements of Activities For 2019 and 2018

	<u>2019</u>	<u>2018</u>
Public Support		
Grants from federal agencies	165,004	354,700
Grants from state agencies	178,737	193,160
Contributions	310	150
Special events	950	651
Allocated by United Way	3,058	1,196
Total Public Support	<u>448,059</u>	<u>543,757</u>
Revenues		
Program related revenues:		
Work center sales:		
Dressmaker	143,640	144,350
Dress coats	<u>(61,384)</u>	<u>(69,870)</u>
Work center sales - net	<u>82,256</u>	<u>74,480</u>
Revenues from support homes:		
Hill Oaks home	34,578	36,718
Brighton Transitions home	23,909	24,348
Evergreen home	48,728	38,608
Dolph Community Group Home	<u>19,725</u>	<u>11,138</u>
Total revenues from support homes	<u>126,940</u>	<u>110,812</u>
Other revenues:		
Interest income	3,188	3,563
Members dues	488	583
Miscellaneous income	<u>8,549</u>	<u>1,099</u>
Total other revenues	<u>12,225</u>	<u>5,245</u>
Total revenues	<u>276,789</u>	<u>241,494</u>
Total public support and revenues	<u>724,848</u>	<u>785,251</u>
Expenses:		
Program activities	<u>602,026</u>	<u>616,839</u>
Supporting services:		
Management and general	<u>67,893</u>	<u>62,436</u>
Total supporting services	<u>67,893</u>	<u>62,436</u>
Total expenses	<u>669,919</u>	<u>679,275</u>
Increase (Decrease) in net assets	<u>(45,071)</u>	<u>105,976</u>
Net assets at beginning of year	370,643	338,731
Prior period adjustment	<u>2,146</u>	<u>2,146</u>
Net assets at ending of year	<u>327,718</u>	<u>446,853</u>

THE ARC OF NORTH WEBSTER

Statement of Functional Activities June 30, 1958

	Program Services	Management and General	Total
Salaries	488,518		488,518
Payroll taxes	46,245		46,245
Insurance - Workers' Compensation and Health	59,261		59,261
Total salaries and related expenses	594,024		594,024
Advertising and public relations		1,958	1,958
Administrative expenses	5,602		5,602
Transport expenses	2,352		2,352
Collection expense		1,438	1,438
Dues and subscriptions			
Equipment rental			35,871
Insurance - general	16,831		16,831
Interest expense		2,573	2,573
Legal and professional		18,785	18,785
Licenses and permits	766		766
Meals and entertainment		19	19
Medical expense	648		648
Miscellaneous		2,147	2,147
Miscellaneous		6,968	6,968
Office expense		13,628	13,628
Repairs and maintenance		3,894	3,894
Supplies	6,696		6,696
Telephone		3,232	3,232
Travel, commissions and remainders			
Travel and other expense - PCA and Receipts	9,983		9,983
Utilities		12,318	12,318
Total expenses before depreciation	43,765	42,450	86,215
Depreciation	28,141		28,141
Total expenses	71,906	42,450	114,356

See accompanying notes to financial statements

THE ARC OF NORTH WEBSTER

Statements of Functional Activities June 30, 1999

	Program Services	Management and General	Total
Salaries	458,958		458,958
Payroll taxes	47,848		47,848
Insurance - Workers' Compensation and Health	51,658		51,658
Total salaries and related expenses	558,464		558,464
Advertising and public relations		2,585	2,585
Automotive expenses	18,583		18,583
Transport expense	3,189		3,189
Operations		200	200
Dues and subscriptions		2,292	2,292
Equipment rental	218		218
Insurance - general	8,504		8,504
Interest expense		690	690
Legal and professional		9,887	9,887
License and permits	469		469
Meals and entertainment		566	566
Medical expense	896		896
Maintenance		6,812	6,812
Office expense		9,231	9,231
Repairs and maintenance		6,812	6,812
Supplies	11,124	3,177	14,301
Telephone		6,298	6,298
Travel, conventions and seminars		3,825	3,825
Travel and other expense - PCA and Peoples	3,244		3,244
Utilities		16,941	16,941
Total expenses before depreciation	46,280	67,892	114,172
Depreciation	26,817		26,817
Total expenses	73,097	67,892	140,989

THE ARC OF NORTH WEBSTER

Statement of Cash Flows

June 30, 1999 and 1998

	1999	1998
Cash flows from operating activities		
Increase (decrease) in net assets	(9,871)	29,761
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	23,189	28,141
Allowance for losses on accounts receivable	2,403	264
(Gain) loss on sale of property	880	
(Increase) decrease in accounts receivable	(28,113)	18,473
(Increase) decrease in accrued interest	4	(2)
(Increase) decrease in inventories	43	82
Increase (decrease) in accounts payable	(3,488)	540
Increase (decrease) in accrued liabilities	(27)	3,068
Prior Period Adjustment		2,118
Total Adjustments	(48,054)	58,087
Net cash provided (used) by operating activities	(57,935)	88,448
Cash flows from investing activities		
Cash payments for purchase of property	(15,891)	(29,316)
Cash proceeds from the sale of property	360	
Net cash provided (used) by investing activities	(15,531)	(29,316)
Cash flows from financing activities		
Financing by lease purchase of equipment		2,369
Principal payments on long-term debt and capital leases	(3,273)	(23,894)
Net cash provided (used) by financing activities	(3,273)	(26,525)
Net increase (decrease) in cash and cash equivalents	(76,739)	48,007
Cash and cash equivalents, beginning of year	156,352	116,286
Cash and cash equivalents, end of year	79,613	164,293
Interest paid	698	2,172

See accompanying notes to financial statements.

THE ABC OF NORTH WEBSTER

Notes to Financial Statements
June 30, 1999 and 1998

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed by The ABC of North Webster are described in summary form below:

Basis of Accounting

The financial statements of The ABC of North Webster have been prepared on the accrual basis. The financial statements are prepared in accordance with Statement of Financial Accounting Standards No. 117, Financial Statements for Not-For-Profit Organizations, which requires the ABC 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.

Activities and Organization

The ABC of North Webster was organized for the purpose of training and improving the quality of life of citizens with developmental disabilities. The ABC of North Webster was originally incorporated as the Springhill Association of Retarded Children. On February 23, 1994, the name was changed by formal change of the articles of incorporation to The ABC of North Webster.

The ABC of North Webster has been determined by the Internal Revenue Service under the name Springhill Association of Retarded Children to be tax-exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

Cash

The ABC considers cash in checking bank accounts, cash on hand, and other highly liquid debt instruments to be cash and cash equivalents.

Investments

Investments—stock consists of 68 shares of IBM stock at June 30, 1999, and 36 shares of IBM stock at June 30, 1998, consisting of 15 shares of stock, which was donated to the ABC and subsequently split two-for-one on two separate occasions. The stock was recorded at its estimated fair value at the date of donation.

Uncollectible accounts

Management has established an allowance for doubtful accounts to record the estimated amount of accounts, which will be uncollectible at the end of each year.

(Continued)

THE ARC OF NORTH WEBSTER

Notes to Financial Statements
June 30, 1999 and 1998

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, Plant and Equipment

Property, plant and equipment are recorded at cost when purchased and at fair market value when donated to the organization. Depreciation is recorded on the straight-line method using estimated useful lives as follows:

Furniture, fixtures and equipment	5-10 years
Automobiles	5 years
Buildings and improvements	10-20 years

Donations

Donated materials are recorded in the financial statements at their fair values at the date of receipt. In accordance with SFAS No. 116, no amounts have been reflected in the statements in as much as no objective basis is available to measure the value of such services; however, a number of volunteers have devoted their time to assist in the operations and improvements of the ARC.

Distributions of assets that must be used to acquire property and equipment are reported as temporarily restricted support. Abuse donor stipulations regarding how long those assets must be maintained for the ARC sports equipment of donor restrictions when the acquired assets are placed in service is restricted by the donor. The ARC releases its temporarily restricted net assets to unrestricted net assets at that time.

Distributions 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.

For purposes of the statement of cash flows, the Council considers all highly liquid debt instruments to be cash equivalents.

(Continued)

THE ARC OF NORTH WEBSTER

Notes to Financial Statements June 30, 1999 and 1998

2. CASH

	1999	1998
Cash is summarized as follows:		
Petty cash	300	300
Cash on hand	750	
Current checking accounts	13,287	86,000
Cash in interest-bearing accounts	69,664	199,667
Total	\$84,001	1,96,157

At June 30, 1999 and 1998, the carrying amounts of the ARC's deposits total \$84,001 and \$196,057 respectively and the bank balances total \$123,183 and \$181,920. At June 30, 1999, all deposits are secured by FDIC insurance. At June 30, 1998, \$114,825 in deposits is insured by FDIC (less time and \$16,686 is insured by pledge of 2 Crow) \$90,000 U.S. Treasury Notes with market values of \$180,000.

3. ACCOUNTS RECEIVABLE

	1999	1998
Accounts receivable are summarized as follows:		
Accounts receivable - customers - net	3,763	8,367
Employee advances		333
Due from federal agencies - net	121,420	53,995
Due from state agencies	11,968	13,008
Due from operating leases	13,889	11,629
Total	\$153,640	\$87,332

Accounts receivable - customers are reported net of allowances for doubtful accounts at June 30, 1999 and 1998, in the amounts of \$374 and \$300 respectively. Also, due from federal agencies is reported net of an allowance for doubtful accounts in the amount of \$1,508.

4. INVESTMENT STOCK

The estimated fair value of the sixty shares of IBM stock is \$7,150 at June 30, 1999 and \$3,424 for the 30 shares at June 30, 1998.

(Continued)

THE ARC OF NORTH WEBSTER

Notes to Financial Statements
June 30, 1999 and 1998

3. INVENTORIES

Inventories consist of oil, tires and miscellaneous items on hand at June 30, 1999 and 1998, valued at cost on the first-in, first-out method.

4. LAND, BUILDINGS AND EQUIPMENT

	1999	1998
Land, buildings and equipment consist of the following:		
Land	5,000	5,000
Buildings and renovations	168,915	158,167
Furniture, fixtures and equipment	157,354	155,354
Automotive equipment	65,875	64,075
Total land, buildings and equipment	397,144	382,596
Less: accumulated depreciation	260,842	257,769
Land, buildings and equipment - net	136,302	124,827

5. LONG-TERM DEBT AND CAPITAL LEASE

The ARC records items under capital leases as assets and long-term obligations in the accompanying financial statements.

	1999	1998
Long-term debts and capital leases are as follows:		
Capital lease for equipment, dated January 14, 1997	871	2,800
Capital lease for equipment, dated November 27, 1997	389	1,241
Total	1,260	4,041

The following is a summary of future minimum notes and lease payments at June 30, 1999:

June 30, 1999	1,234
Total minimum payments	1,234
Less: amount representing interest	7
Present value of future minimum payments	1,227

(Continued)

THE ARC OF NORTH WEBSTER

Notes to Financial Statements
June 30, 1999 and 1998

8. WORK CENTER SALES AND FEES - NET

Work center sales and fees and related costs are as follows:

	1999			1998		
	Sales and Fees	Cost of Sales	Net	Sales and Fees	Cost of Sales	Net
Contract Work	50,714	452	50,262	35,338	1,438	33,900
Materials	40,549	6,111	34,438	41,488	5,534	35,954
Service Station	41,414	48,417	797	42,332	41,876	454
Fiber Shop	15,502	15,745	243	15,571	16,816	2,245
Decorations				261	62	199
Paper Stocking	54		54	53	54	1
Yard work	3,324	1,288	2,036	7,031	1,889	5,142
Total	151,057	61,801	89,256	144,083	67,478	76,605

9. COMPENSATED ABSENCE

No accrual has been recorded for compensated absences. Vacations are required to be taken during two weeks that The ARC of North Webster is closed during the year. Sick pay accumulates at the rate of one day per month to a maximum of 20 days, but is forfeited upon termination.

10. RELATED PARTY TRANSACTIONS

The following payments were made to officers, directors or related parties:

	1999		1998	
	Salary	Expense Reimbursement	Salary	Expense Reimbursement
Paul Simpson, Executive Director	50,500	1,688	3,853	195
Deborah Owens, Executive Director	8,242	564	22,412	1,808
Kathy Thompson, Executive Director	5,319	1,564		
Tim Martin, Assistant Director			12,415	571
Kathy Thompson, Board Member		66		59
L. M. Bosley, Board Member		20		
Marcus Daugherty, Board Member				138
Total	64,061	3,842	42,680	2,773

(Continued)

THE ARC OF NORTH WEBSTER

Notes to Financial Statements
June 30, 1989 and 1988

II. SUBSEQUENT EVENT, CONTINGENCY, YEAR 2000-COMPUTER GLITCH:

Management is aware of the Year 2000 computer problem (Y2K) and has taken the following steps:

- A. Assessment of the problem indicated a potential for shut down in the following areas:
 - (1) Harbans
 - (2) Payroll processing
 - (3) Other office tasks done on the computer.
- B. Management had the computers checked. All were Y2K compliant or were upgraded to Y2K compliant.
- C. Software is in use for payroll accounting and an office suite for all general tasks were found to be compliant.

III. PRIOR PERIOD ADJUSTMENT

During the year ending June 30, 1988, the Internal Revenue Service refunded federal unemployment taxes, which were paid by the ARC in error for prior years.

Supplementary Information

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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

Board of Directors

The ARC of North Webster

Kenner, Louisiana

We have audited the financial statements of The ARC of North Webster (a non-profit organization) as of and for the years ended June 30, 1999 and 1998, and have issued our report thereon dated November 15, 1999. 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

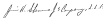
As part of obtaining reasonable assurance about whether the ARC of North Webster's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which, could have a direct and material 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 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 the ARC of North Webster'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. However, we noted two matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the ARC of North Webster's ability to record, process, summarize and report financial data consistent with the provisions of management in the financial statements. The reportable conditions are described in the accompanying schedule of findings and questioned costs as items 99-1 and 99-2.

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 audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily detect all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are then considered to be material weaknesses. However, we believe none of the reportable conditions discussed above is a material weakness.

This report is intended for the information of the legislative bodies, management and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.


Certified Public Accountant

November 18, 1999

THE ARC OF NORTH WEBSTER

Schedule of Findings and Questioned Costs

June 30, 1993

Section II - Summary of Auditor's Results

Financial Statements

Type of Report Issued:

Unqualified

Internal control over financial reporting:

Material weaknesses identified?

No

Reportable conditions identified, are considered to be material weaknesses?

Yes

99-1:

The ARC is not reconciling the unexplained differences in cash sales and collections as cash over or (short) on the general ledger.

99-2:

The ARC is not accounting for the cash receipts issued by using bank receipts to deposits in the bank.

Financial Aspects

Not applicable

Section III - Financial Statement Findings

99-1 - Condition:

We reported in our letter dated October 27, 1992, that cash differences are being noted on the daily reconciliations, but are not recorded on the general ledger. Although an over/short account had been established in the chart of accounts, it had not been used all year.

Recommendation:

We continue to recommend that the cash over/short be recorded on the general ledger and reflected in the income statement as an effective management monitoring device.

99-2 - Condition:

We recommended in our letter dated October 27, 1992, that pre-numbered three part cash receipts be used to record all receipts and that management record account numbers on the receipts for consistency in posting. We noted that these part receipts were being used, and the service bureau is now being given a schedule of cash receipts for posting. Also, we recommended, for control purposes that groups of receipt numbers be placed on the deposit slips for easy reference and this is still not being done.

Recommendation:

We continue to recommend that receipt numbers be placed on the deposit slips in order to account for the number of receipts issued and reported.

Section III - Financial Award Findings and Questioned Costs

No awards were reported.



SPARC Center

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of North Webster

November 19, 1999

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The following is management's response to findings in the audit of the ARC of North Webster for the year ended June 30, 1999.

Your recommendations were agreed to in the prior year by the Board of Directors and the prior Executive Director. There have at this point been two Executive Directors since that audit and the recommendations were not noted during all the transitions.

89-1 We concur with your recommendation that the cash over/short will be a good cash management device and will implement with the service center as soon as possible.

89-2 We also concur with your recommendations of controlling the posting to revenue accounts by assigning account numbers and monitoring cash receipts by listing account numbers on deposits. These recommendations will also be implemented by management immediately.

Terri Simmons, Executive Director

"Serving people with disabilities and their families"
Member unit of The Arc of Louisiana and The Arc of the United States
a United Way Agency