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ASSUMPTION ASSOCIATION FOR RETARDED CITIZENS

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(A NOT FOR PROFIT ORGANIZATION)

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 1998

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Postlethwaite & Netterville

A PROFESSIONAL ACCOUNTING CORPORATION
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Assumption Association for Retarded Citizens, Inc.
Napoleonville, Louisiana

We have audited the accompanying statements of financial position of Assumption Association for Retarded Citizens, Inc. (a not-for-profit organization) as of June 30, 1998 and 1997 and the related statements of activities and cash flows for the years 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 audits.

We conducted our audits 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 misstatements. 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 Assumption Association for Retarded Citizens, Inc. as of 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 issued our report dated September 25, 1998 on our consideration of Assumption Association for Retarded Citizens, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements of Assumption Association for Retarded Citizens, Inc. taken as a whole. The accompanying schedules of public support and revenue and functional expenses are presented for purposes of additional analysis and are 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.

Postlethwaite & Netterville

Donauldenville, Louisiana
September 25, 1998

ASSUMPTION ASSOCIATION FOR RETAILER CITIZENS, INC.
(A NOT FOR PROFIT ORGANIZATION)
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 1998 AND 1997

	1998	1997
ASSETS:		
Cash and cash equivalents	\$ 82,664	\$ 118,477
Certificate of deposit	165,293	62,680
Accounts receivable	176,829	148,184
Income receivable	138	139
Investments	788,404	715,943
Land, buildings, and equipment	428,214	465,608
TOTAL ASSETS	\$ 1,681,733	\$ 1,917,928
LIABILITIES AND NET ASSETS:		
Accounts payable	\$ 44,875	\$ 37,183
Payroll taxes payable	11,848	5,658
TOTAL LIABILITIES	56,723	42,841
NET ASSETS:		
Unrestricted	1,625,010	1,875,087
TOTAL LIABILITIES AND NET ASSETS	\$ 1,681,733	\$ 1,917,928

The accompanying notes are an integral part of these statements.



ASSUMPTION ASSOCIATION FOR RETARDED CITIZENS, INC.
(A NOT FOR PROFIT CORPORATION)
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 1998 AND 1997

	Unrestricted 1998	Unrestricted 1997
REVENUES AND OTHER SUPPORT:		
Public Support:		
Public contributions	\$ 3,368	\$ 7,394
Allocated by Capital Area United Way	13,898	17,023
Contributions from Government Agencies	1,804,132	1,343,028
Other Revenues:		
Net unrealized gains on investments	1,980	10,334
Membership dues - individual	710	815
Sales to public (net of expenses of \$47,978 and \$43,484, respectively)	362,599	183,219
Activity center services	168,346	168,261
Interest and dividend income	48,309	41,231
Loss on sale of investments	-	(1,185)
Gain on sale of assets	-	852
Miscellaneous revenues	-	1,084
Total revenues and other support	3,698,270	3,752,789
EXPENSES:		
Napervilleville Manor	514,844	248,094
Tilford Manor	289,114	288,089
Activity Center	367,336	258,476
Project Fund	153,431	145,857
Association Fund	23,305	23,308
Waiver Services	243,882	200,888
Fee for Service	1,478	11,151
Central Office	173,108	187,463
Total expenses	2,986,798	2,498,652
Change in net assets	118,498	264,128
Net assets at beginning of year	1,873,618	1,708,918
Net assets at end of year	\$ 1,641,118	\$ 1,577,618

The accompanying notes are an integral part of these statements.



ASSUMPTION ASSOCIATION FOR RETARDED CITIZENS, INC.
A NOT FOR PROFIT ORGANIZATION
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 1998 AND 1997

	1998	1997
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 118,489	\$ 294,128
Adjustments to reconcile change in net cash used by operating activities:		
Depreciation	48,519	49,901
Gain on sale of assets	-	(852)
Unrealized gain on investments	(1,327)	(80,334)
Loss on sale of investments	-	1,195
(Increase) decrease in accounts receivable	(15,633)	262
(Increase) decrease in interest receivable	-	3,808
Increase in accounts payable	7,582	258
Increase in payroll tax withhold	8,281	1,888
Net cash provided by operating activities	<u>148,212</u>	<u>329,443</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net (increase) decrease in certificates of deposit	(182,609)	238,925
Purchases of investments	(40,233)	(867,684)
Sales of investments	29,889	181,611
Purchases of property and equipment	(59,299)	(85,017)
Cash received from sales of property and equipment	-	3,262
Net cash used for investing activities	<u>(152,252)</u>	<u>(537,813)</u>
Net increase (decrease) in cash and cash equivalents	(4,040)	189,590
Cash and cash equivalents at beginning of year	<u>118,489</u>	<u>6,885</u>
Cash and cash equivalents at end of year	<u>\$ 82,964</u>	<u>\$ 138,475</u>

The accompanying notes are an integral part of these statements.



ASSUMPTION ASSOCIATION FOR RETARDED CITIZENS, INC.
(A NOT FOR PROFIT ORGANIZATION)

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

- A. The Association is a non-profit organization formed to furnish education and recreation to the mentally retarded and handicapped persons of Assumption Parish. The Association is solely dependent upon appropriation from State agencies and other contributions.
- B. To assure proper usage of restricted and unrestricted assets, the Association maintains its accounts according to fixed accounting principles, whereby funds are classified in accordance with specified restrictions or objectives.
- C. Buildings and equipment are recorded at cost and are being depreciated using accelerated and the straight-line methods over their estimated useful lives as follows:

Buildings	30 - 40 years
Transportation equipment	5 years
Other equipment	5 - 10 years

- D. Management has determined that all accounts receivable are collectible. Therefore, no reserve for uncollectible accounts has been established.
- E. The majority of the Association's revenue is derived from third-party reimbursement arrangements. These revenues and the affordability of the related expenditures are subject to audit by the granting agencies.
- F. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose of restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

The Organization reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Assets with explicit donor stipulations about how long these long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Contributions of donated tangible assets are recorded at their fair value in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair value in the period received.

ASSUMPTION ASSOCIATION FOR RETARDED CITIZENS, INC.
(A NOT-FOR-PROFIT ORGANIZATION)

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

- C. 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 these estimates.
- D. The Association considers all cash accounts and certificates of deposit with a maturity of three months or less when purchased to be cash and cash equivalents.
- E. The Association is exempt from the income taxes under section 501 (c) (3) of the Internal Revenue Code and is not considered a private foundation.

2. Cash

The Association maintains cash pools that are available for use by the individual funds.

The individual fund cash balances at June 30, carried at cost, which approximates market value, were as follows:

Fund	Cash Balances	
	1998	1997
Napoleonville Manor	(\$ 414)	(\$ 3,300)
Wilham Manor	57,164	35,398
Activity Center	99,888	52,771
Project Fund	17,136	28,678
Association Fund	(82,035)	(68,977)
Waiver Services	(43,886)	29,646
Fee for Service	44,235	39,252
Independent Living	(1,047)	(1,847)
Central Office	(9,056)	(4,500)
	\$ 32,084	\$ 118,472

At June 30, 1998, the carrying amount of the Association's deposits were \$247,357 and the bank balance was \$262,341. Of the bank balance, \$197,047 was covered by federal depository insurance and \$65,294 was secured by a pledged security held by the financial institution's agent in the Association's name.



ASSUMPTION ASSOCIATION FOR RETARDED CITIZENS, INC.
(A NOT FOR PROFIT ORGANIZATION)

NOTES TO FINANCIAL STATEMENTS

3. Investments/Securities

Investments are carried at market value and realized and unrealized gains and losses are reflected in the statement of activities. Marketable equity securities are made up of mutual funds.

	Marketable Equity Securities	U.S. Treasury Strips	Total
Investments at June 30, 1996	\$ 312,327	\$ 89,453	\$ 401,780
Purchases	438,853	-	438,853
Sales/Redemptions	(102,588)	-	(102,588)
Interest and dividends	23,876	4,911	28,787
Unrealized gains (losses)	9,220	1,114	10,334
Investments at June 30, 1997	681,464	95,478	776,942
Sales/Redemptions	-	(25,000)	(25,000)
Interest and dividends	40,748	4,485	45,233
Unrealized gains (losses)	174	1,322	1,497
Investments at June 30, 1998	<u>\$ 722,378</u>	<u>\$ 76,116</u>	<u>\$ 798,494</u>

The maturities of Treasury strips at June 30, 1998 were as follows:

	Par Value	Market Value
08/15/98	\$ 27,000	\$ 26,828
08/15/99	15,000	14,114
11/15/99	40,000	35,173
	<u>\$ 82,000</u>	<u>\$ 76,116</u>

ASSUMPTION ASSOCIATION FOR RETARDED CITIZENS, INC.
(A NOT FOR PROFIT ORGANIZATION)

NOTES TO FINANCIAL STATEMENTS

4. Contributions from government agencies

Contributions from government agencies at June 30, 1998 consist of the following:

	Nepheleville Monies	Tribune Monies	Activity Center	Walter Services	Fee for Service	Total
Title XIX	\$ 311,210	\$ 246,185	\$ -	\$ -	\$ -	\$ 557,395
Paternal Liability	25,261	32,905	-	-	-	58,166
CRSI	-	-	264,000	-	-	264,000
Walter contract	-	-	-	311,746	-	311,746
Fee for services contract	-	-	-	-	15,800	15,800
Total	\$ 336,471	\$ 309,090	\$ 264,000	\$311,746	\$ 15,800	\$1,237,107

Contributions from government agencies at June 30, 1997 consist of the following:

	Nepheleville Monies	Tribune Monies	Activity Center	Walter Services	Fee for Service	Total
Title XIX	\$ 311,746	\$ 362,044	\$ -	\$ -	\$ -	\$ 673,790
Paternal Liability	21,284	34,805	-	-	-	56,089
CRSI	-	-	263,076	-	-	263,076
Walter contract	-	-	-	268,000	-	268,000
Fee for services contract	-	-	-	-	23,139	23,139
Total	\$ 333,030	\$ 396,849	\$ 263,076	\$268,000	\$ 23,139	\$1,314,094



ASSUMPTION ASSOCIATION FOR RETARDED CITIZENS, INC.
(A NOT-FOR-PROFIT ORGANIZATION)

NOTES TO FINANCIAL STATEMENTS

5. Buildings and Equipment

Buildings and equipment at June 30, 1998 and 1997 consist of the following:

	1998	1997
Buildings	\$ 658,938	\$ 641,484
Land	7,800	7,800
Construction in progress	-	9,579
Transportation equipment	205,294	190,839
Furniture and equipment	222,136	208,729
	1,094,628	1,047,981
Less: Accumulated depreciation	(627,214)	(582,033)
	<u>\$ 467,414</u>	<u>\$ 465,948</u>

6. Commitments

In June 1998, the Association approved a bid for \$244,800 to construct a new vocational/warehouse building. No funds were expended for this project as of June 30, 1998.

7. Subsequent Events

Subsequent to year end, the Association expended \$6,600 for the matching portion of a van that is expected to be received in September 1999. This was done pursuant to the terms of FEA, Elderly and Disabled Section 530 funding which requires the Association to match 20% of the purchase price of a new van. In addition, the Association obtained a letter of credit in the amount of \$33,000 in conjunction with this funding.

8. Retirement Plan

The Association adopted a Simple IRA retirement plan effective July 1, 1997. The plan covers all full time employees. The Association matches the employee's contributions up to 3% of their compensation. The Association's contributions for the year ended June 30, 1998 was \$8,402.

ASSUMPTION ASSOCIATION FOR RETIRED CITIZENS, INC.
GA NOT FOR PROFIT ORGANIZATION
SCHEDULE OF SUPPORT AND RECEIPTS
PERIOD ENDING JUNE 30, 1998 AND 1997

	Neighborhood Manor		The West Manor		Activity Center		Project Fund	
	1998	1997	1998	1997	1998	1997	1998	1997
Public Support:								
Public contributions	\$ -	\$ -	\$ -	\$ -	\$ 25	\$ 3,000	\$ 110	\$ 128
Allocated by Capital Area United Way	3,997	2,981	3,917	2,961	18,068	17,283	-	-
Contributions from Environmental Agencies	252,571	148,058	215,080	262,889	264,068	262,876	-	-
Other Revenue								
Unrealized gain (loss) on investments	1,058	1,253	-	3,311	-	4,000	-	-
Membership dues	-	-	-	-	-	-	-	-
Other (a public (not of) expense)	-	-	-	-	-	-	162,149	161,219
Professional services	-	-	-	-	198,348	198,761	-	-
Income and related income	2,120	2,285	21,841	71,939	5,534	8,344	-	1,695
Gain (loss) on sale of investments	-	(775)	-	(582)	-	(714)	-	-
Gain (loss) on sale of assets	-	(8)	-	(1,58)	-	-	-	1,253
Miscellaneous	-	-	-	-	-	-	-	-
Total Public Support and Other Revenue	\$ 317,028	\$ 199,285	\$ 258,928	\$ 425,545	\$ 444,044	\$ 462,194	\$ 162,149	\$ 266,288



ASSUMPTION ASSOCIATION FOR BETTERED CITIZENS, INC.

**(A NOT FOR PROFIT ORGANIZATION)
SCHEDULE OF SUPPORT AND REVENUE
YEAR ENDED JUNE 30, 1994 AND 1993**

	Assumption Fund		Active Services		Public Services		Control Office	
	1994	1993	1994	1993	1994	1993	1994	1993
Public Support								
Public contributions	\$ 2,828	\$ 2,214	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Assisted by Capital Area United Way	-	-	-	-	-	-	-	-
Contributions from Governmental Agencies	-	-	\$ 11,748	\$ 8,803	\$ 3,800	\$ 3,879	-	-
Other Revenue								
Unreimbursed grants (based on reimbursements)	-	\$ 84	\$ 88	-	-	-	-	-
Membership dues	710	\$ 115	-	-	-	-	-	-
Fees for public (not of expense)	-	-	-	-	-	-	-	-
Residential services	-	-	-	-	-	-	-	-
Interest and dividend income	1,279	\$ 65	\$ 668	\$ 485	\$ 1,358	\$ 2,273	-	-
Donations on sale of investments	-	\$ 63	-	-	-	-	-	-
Gain (loss) on sale of assets	-	-	-	-	-	-	-	-
Subsidies	-	-	-	\$ 1,345	-	-	-	-
Total Public Support and Other Revenue	\$ 3,117	\$ 4,475	\$ 12,641	\$ 10,199	\$ 5,158	\$ 6,152	\$ -	\$ -



ASSUMPTION ASSOCIATION FOR RETAIRED CITIZENS, INC.

**(A NOT FOR PROFIT ORGANIZATION)
SCHEDULE OF FUNDING EXPENSES
YEAR ENDED JUNE 30, 1988 AND 1987**

	Supplemental Other 1988	1987	Retired Male 1988	1987	Active Comp. 1988	1987	Funded Fund 1988	1987
Salaries	\$ 11,023	\$ 11,826	\$ 121,041	\$ 104,024	\$ 228,361	\$ 154,133	\$ 171,197	\$ 156,281
Cost of Goods	1,006	2,006	1,272	3,078	-	-	-	-
Employee benefits	1,841	2,491	1,275	2,082	28,096	9,772	3,092	2,014
Administrative services	40,388	35,754	58,875	64,752	-	-	-	-
Don.	-	-	-	-	-	-	-	-
Insurance	4,008	6,180	6,149	8,173	28,560	24,173	264	-
Office supplies	116	116	380	424	80	708	-	-
Telephone	4,078	5,077	2,654	2,778	18,799	24,221	-	-
Printing	-	-	-	-	-	-	-	-
Professional services	14,303	9,615	15,045	9,764	-	-	-	-
Substance	1,281	1,121	1,247	1,428	2,726	2,681	-	-
Travel	863	983	733	388	948	132	-	-
Travel and entertainment	203	366	344	732	2,292	1,832	-	308
Food	74,418	15,548	15,171	18,376	1,504	918	-	-
Fund raising	11,023	6,647	92,449	8,432	15,214	14,708	38,493	5,033
Contract work	1,252	308	265	238	48	48	-	-
Other	4,673	2,091	1,378	4,078	197	837	248	128
Repairs & maintenance	4,095	1,548	1,000	2,508	13,258	14,707	-	-
Depreciation	9,416	8,945	10,564	10,508	17,246	24,374	2,256	1,284
Gifts	-	-	-	-	-	-	-	-
Advertising	10	11	11	102	371	28	-	-
Utilities	4,694	4,297	5,178	5,088	11,482	11,888	-	-
Supplies	4,428	2,903	4,048	4,248	5,299	4,493	-	-
Material services	1,004	1,555	1,511	1,271	114	55	-	-
Cashier	388	1,178	1,211	1,644	-	-	-	-
Rent	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Realty	-	-	-	-	-	-	-	-
Total expense before contributions	\$ 24,746	\$ 24,517	\$ 215,512	\$ 214,095	\$ 487,376	\$ 334,478	\$ 411,476	\$ 344,641
Contributions received	\$ 11,023	\$ 6,647	\$ 92,449	\$ 8,432	\$ 47,812	\$ 44,621	\$ 28,728	\$ 1,111
Transfer to Donor's funds	-	-	-	-	-	-	-	-
By Deceased/Late	\$ 11,023	\$ 6,647	\$ 92,449	\$ 8,432	\$ 47,812	\$ 44,621	\$ 28,728	\$ 1,111



ASSUMPTION ASSOCIATION FOR RETARDED CITIZENS, INC.
LA NET FOR PROBLEMS/ORGANIZATIONS
SCHEDULES OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 1993 AND 1992

	Assumption Fund		Business Division		Two In Divisions		Carroll Office	
	1993	1992	1993	1992	1993	1992	1993	1992
Admin	\$ 11,712	\$ 9,000	\$ 364,041	\$ 140,749	\$ 4,334	\$ 5,675	\$ 130,309	\$ 91,349
Chairman	-	-	-	-	-	-	-	-
Employee benefits	891	-	5,675	1,114	-	-	7,490	1,274
Agency contract services	-	-	502,176	52,831	-	-	-	-
Rent	1,599	1,646	-	-	-	-	-	93
Dues	-	-	1,607	511	-	-	20,809	11,972
Office supplies	-	-	6	41	-	-	7,506	1,647
Auto Expense	-	-	712	3	1,060	104	1,68	-
Dues/Reg	6	-	-	-	-	-	2,198	1,179
Professional Services	-	-	349	691	-	-	4,390	4,056
Telephone	-	-	-	-	-	-	-	-
Training	-	108	-	-	-	-	-	-
Travel reimbursement	1,877	1,408	1,499	2,211	1,814	1,096	2,208	2,830
Food	63	26	-	34	-	-	1,69	48
Special Taxes	780	780	10,570	11,451	381	297	9,895	12,111
Contract Work	1,811	1,623	-	-	-	-	-	-
Other	1,877	5,678	691	333	1,108	2,207	95	370
Expenses and Maintenance	-	-	-	-	-	-	1,484	1,214
Depreciation	-	-	5,099	644	-	-	3,258	1,681
Auto	1,211	1,070	-	-	-	-	-	-
Advertising	180	278	-	-	-	-	79	90
Utilities	-	-	1,68	48	-	-	-	-
Supplies	54	48	292	46	-	-	178	3
Student Services	-	-	-	-	-	-	-	-
Cleaning	-	-	-	-	-	-	-	-
Rent	-	-	-	194	-	-	-	-
Insurance	-	-	-	-	-	-	-	-
Fuel Oil	-	-	-	-	-	-	-	-
Total expense before central office	\$ 21,224	\$ 21,928	\$ 1,016,662	\$ 220,046	\$ 3,478	\$ 11,114	\$ 1,170,129	\$ 1,170,664
Central office overhead	\$ 1,738	\$ -	\$ 28,798	\$ 27,031	\$ 1,621	\$ -	\$ 170,150	\$ 170,641
Total to (from) other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Income (Loss)	\$ 20,486	\$ 21,928	\$ 987,864	\$ 247,077	\$ 1,857	\$ 11,114	\$ 999,959	\$ 999,995





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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**

Board of Directors
Assumption Association for
Extended Citizens, Inc.
Baton Rouge, Louisiana

We have audited the financial statements of Assumption Association for Extended Citizens, Inc. as of and for the years ended June 30, 1998 and 1997, and have issued our report thereon dated September 25, 1998. We conducted our audits 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 Assumption Association for Extended 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 audits 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 audits, we considered Assumption Association for Extended 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. However, we noted certain 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 Assumption Association for Extended Citizens, Inc.'s ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements.

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 accounts 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 disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the lack of segregation of duties described above to be a material weakness.

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

Parthasarathi & Mathur

Disabilityville, Louisiana

September 25, 1998

ASSUMPTION ASSOCIATION FOR RETARDED CITIZENS, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 1978

SUMMARY OF AUDIT RESULTS:

1. The auditor's report expressed an unqualified opinion on the financial statements of Assumption Association for Retarded Citizens, Inc.
2. One reportable condition disclosed during the audit of the financial statements is reported in the Assumption Association for Retarded Citizens, Inc. One of the conditions is reported as a material weakness.
3. No instances of non-compliance material to the financial statements of Assumption Association for Retarded Citizens, Inc. were disclosed during the audit.

FINDINGS – FINANCIAL STATEMENT AUDIT

REPORTABLE CONDITIONS:

95-1

Condition: The performance of accounting procedures is limited to one person.

Criteria: Internal controls should be in place that provide reasonable assurance that financial transactions are properly accounted for. Segregation of duties is an integral part of internal controls.

Effect: There is insufficient segregation of duties.

Recommendation: No action is recommended.

Response: We concur with the recommendation. It would not be cost effective to increase the size of our staff to achieve effective segregation of duties.