



LIVINGSTON ASSOCIATION
FOR RETARDED CITIZENS, INC.

ANNUAL FINANCIAL REPORT

JUNE 30, 1969 and 1968

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the auditor, or his/her, entity and other appropriate public officials. This report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date _____

LIVINGSTON ASSOCIATION FOR RETARDED-CITIZENS, INC.
Walker, Louisiana
Annual Financial Statements with Independent Auditor's Report
June 30, 1999 and 1998

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
Livingston Association for Retarded Citizens, Inc.
(Livingston Activity Center)
Biloxi, Louisiana

I have audited the accompanying balance sheets of the Livingston Association for Retarded Citizens, Inc. (a nonprofit organization), Biloxi, Louisiana, as of June 30, 1999 and 1998, and the related statements of revenues, expenses and changes in net assets and for statements of cash flows for the years then ended. These financial statements are the responsibility of the Association's management. My responsibility is to express an opinion on these financial statements based on my audits.

Except as discussed in the following paragraph, I conducted my audits in accordance with generally accepted auditing standards and Government Auditing Standards issued by the Comptroller General of the United States. These standards require that I plan and perform the audits 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. I believe that my audits provide a reasonable basis for my opinion.

Governmental Accounting Standards Board Technical Bulletin 98-1, Disclosures About Year 2000 Issues, requires disclosure of certain matters regarding the Year 2000 issue. Livingston Association for Retarded Citizens, Inc., has included such disclosures in Note 7. Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Accordingly, reasonable audit evidence exists to support Livingston Association for Retarded Citizens' disclosures with respect to the Year 2000 issue made in Note 7. Further, I do not provide assurance that Livingston Association for Retarded Citizens, Inc., is or will be ready, that Livingston Association for Retarded Citizens, Inc.'s year 2000 remediation efforts will be successful in whole or in part, or that parties with which Livingston Association for Retarded Citizens does business will be year 2000 ready.

Generally accepted accounting principles require disclosure of certain matters regarding the year 2000 issue in order for financial statements to be prepared in conformity with generally accepted accounting principles. Such required disclosures include:

- any significant amount of resources committed to make computer systems and other electronic equipment year 2000-compliant;
- a general description of the year 2000 issue, including a description of the stages of work in process or completed as of the end of the reporting period to make computer systems and other electronic equipment critical to continuing operations year 2000-compliant; and
- the additional stages of work necessary for making the computer systems and other electronic equipment year 2000-compliant.

Livingston Association for Retarded Citizens, Inc., has omitted such disclosures. I do not provide assurance that Livingston Association for Retarded Citizens, Inc., is or will be year 2000 ready, that Livingston Association for Retarded Citizens, Inc., year 2000 remediation efforts will be successful in whole or in part, or that parties with which Livingston Association for Retarded Citizens, Inc., does business will be year 2000 ready.

In my opinion, except for the effects of such omissions, if any, as might have been determined to be necessary had I been able to examine evidence regarding year 2000 disclosures, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Livingston Association for Retarded Citizens, Inc., as of June 30, 1999 and 1998, and the results of its operations and changes in financial position for the years then ended, in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, I have also issued a report dated November 10, 1999, among considerations of the Livingston Association for Retarded Citizens, Inc.'s internal control structure and a report dated November 18, 1999, on its compliance with laws and regulations.

Leroy J. Chustz
Certified Public Accountant, APAC
November 18, 1999

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

Livingston Association for Retarded Citizens, Inc.
(Livingston Activity Center)
Walker, Louisiana

I have audited the financial statements of Livingston Association for Retarded Citizens, Inc., as of June 30, 1998 and 1999, and have issued my report thereon dated November 13, 1999, which was qualified due to the omission of the year 2000 disclosures that are required by Governmental Accounting Standards Board Technical Bulletin 98-1, Disclosures about Year 2000 Issues. I conducted my audits in accordance with generally accepted auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Disclosures

As part of obtaining reasonable assurance about whether Livingston Association for Retarded Citizens, Inc.'s, financial statements are free of material misstatement, I performed tests of 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 my audit and, accordingly, I do not express such an opinion. The results of my 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 my audits, I considered Livingston Association for Retarded Citizens, Inc.'s, internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My 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 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. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended for the information of Livingston Association for Retarded Citizens, Inc.'s management, and internal auditing agencies and the Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

Leroy J. Chustz
Certified Public Accountant, APAC
November 13, 1999

LIVINGSTON ACTIVITY CENTER
Balance Sheets
06/30/1999 and 1998

	1999	1998
ASSETS		
CURRENT ASSETS		
Cash and equivalents	\$ 292,352.39	\$ 279,835.19
Investments - Certificates of deposits	349,847.27	332,043.89
Accounts receivable	6,821.12	19,448.00
Unconditional promises to give:		
Other revenue	35,668.64	
Security deposit	<u>1,682.00</u>	<u>1,682.00</u>
Total current assets	<u>686,371.42</u>	<u>633,019.08</u>
FIXED ASSETS (NET)	<u>125,182.61</u>	<u>117,482.01</u>
TOTAL ASSETS	\$ <u>811,554.03</u>	\$ <u>750,501.09</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Payroll taxes payable	\$ 4,676.12	\$ 4,039.22
TOTAL CURRENT LIABILITIES	<u>4,676.12</u>	<u>4,039.22</u>
NET ASSETS		
Unrestricted	<u>806,877.91</u>	<u>746,461.87</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>811,554.03</u>	\$ <u>750,501.09</u>

See accompanying notes to the financial statements.

LIVINGSTON ACTIVITY CENTER
Statements of Activities
05/30/1999 and 1998

	1999	1998
REVENUES		
State grants	\$ 266,097.13	\$ 177,410.87
Provider contracts	79,334.64	80,334.32
United Way grant	20,862.20	20,331.12
Interest	21,933.64	28,439.88
Membership dues	366.00	538.00
Self-generated	65,378.49	82,411.02
Donations and fundraising	8,839.32	7,588.10
Other	62,111.18	68,237.13
Total revenues	<u>501,861.63</u>	<u>435,288.22</u>
 EXPENSES		
Salaries, wages and benefits	225,887.45	223,254.60
Client payroll and training	64,142.81	61,303.65
Operating expenses	79,228.53	70,413.12
Supplies for activities	28,218.30	26,881.10
Travel and transportation	32,173.08	32,833.79
Depreciation expense	18,159.70	17,343.29
Other	8,738.87	4,183.43
Total expenses	<u>444,628.06</u>	<u>435,212.92</u>
Excess of revenues over expenses	57,233.57	32,175.30
Increase (decrease) in unrestricted net assets	57,233.57	32,175.30
Net assets at beginning of year	<u>748,442.67</u>	<u>724,367.37</u>
Net assets at end of year	<u>\$ 805,676.24</u>	<u>\$ 746,542.67</u>

See accompanying notes to the financial statements.

LIVINGSTON ACTIVITY CENTER, INC.
STATEMENTS OF CASH FLOWS
For the years ended June 30, 1999 and 1998

	<u>1999</u>	<u>1998</u>
Operating Activities		
Change in net assets	\$57,125.54	\$22,175.98
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	16,159.70	17,343.29
Receivables	(23,062.76)	63.71
Accounts payable	<u>636.92</u>	<u>688.85</u>
Net provided used by operating activities	<u>\$50,859.38</u>	<u>\$40,269.18</u>
Investing Activities		
Purchases of equipment	23,549.50	0.00
Purchases of investments	<u>14,523.49</u>	<u>19,841.05</u>
Net cash used by investing activities	<u>\$38,072.99</u>	<u>\$19,841.05</u>
Net increase (decrease) in cash and cash equivalents	<u>12,786.39</u>	<u>20,428.13</u>
Cash and cash equivalents at beginning of year	<u>\$279,835.10</u>	<u>\$259,406.97</u>
Cash and cash equivalents at end of year	<u>\$292,621.49</u>	<u>\$279,835.10</u>

See accompanying notes to the financial statements.

LIVINGSTON ASSOCIATION FOR RETARDED CITIZENS, INC.
Notes to the Financial Statements
For the Years Ended June 30, 1999 and 1998

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies followed in the preparation of the financial statements. These policies conform to generally accepted accounting principles and have been applied in the preparation of the financial statements. The Association provides occupational and educational services to mentally challenged persons.

A. ACCOUNTING BASIS

Assets and liabilities, and revenues and expenses are recognized on the accrual basis of accounting, except for income from certificates of deposit, which is recorded when received and which closely approximates the accrual method of accounting.

B. PROPERTY AND EQUIPMENT

Land, buildings, and equipment are stated at cost except as explained below. Depreciable assets are being depreciated over their estimated useful lives ranging from three to forty years, using the straight-line method. Interest is not capitalized on fixed assets.

Donated materials, equipment, and services have not been reflected in the financial statements because there is no objective basis available to measure the value of such contributions. Nevertheless, a substantial number of volunteers and contributors donate significant amounts to the association.

C. INCOME TAXES

The association is exempt from income taxes under IRC 501(C)(3) as a nonprofit corporation and, accordingly, the financial statements do not reflect a provision for income taxes.

D. COMPENSATED ABSENCES

No provision has been made for compensated absences because the association's policy does not allow the employees to carry unused leave to the next fiscal year.

LIVINGSTON ASSOCIATION FOR RETARDED CITIZENS, INC.

Notes to the Financial Statements, Continued

For the Years Ended June 30, 1999 and 1998

2. CASH AND CASH EQUIVALENTS

Cash includes cash, demand deposits, interest bearing demand deposits and certificates of deposit. These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or by the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Deposits (bank balances) at June 30, 1999 are secured as follows:

Demand deposits	\$ 68,791.89	
Interest bearing demand deposits	247,612.07	
Certificates of deposit	388,647.37	
Total bank balances	\$902,991.43	
Federal deposit insurance	100,000.00	
Pledged securities	802,991.43	
Total securities and insurance	\$902,991.43	
Unsecured bank balances	\$ _____	0.

3. RECEIVABLES

Receivables at June 30, 1999 and 1998 consisted of the following:

	<u>June 30,</u>	
	<u>1999</u>	<u>1998</u>
Accounts receivable - Providers	\$ 6,031.12	\$19,448.00
State contract - Revenue receivable	35,000.00	.00
Total Receivables	<u>\$42,500.75</u>	<u>\$19,448.00</u>

Based on past experience, management believes that the above amounts are entirely collectible, therefore, no provision for uncollectible amounts has been established.

4. CHANGES IN FIXED ASSETS

The following is a summary of changes in fixed assets.

LIVINGSTON ASSOCIATION FOR RETARDED CITIZENS, INC.
 Notes to the Financial Statements, Continued
 For the Years Ended June 30, 1999 and 1998

	BALANCE 07/01/97	ADDITIONS	DELETIONS	BALANCE 06/30/98
Furniture, fixtures, and equipment	\$ 41,563	\$ -	-	\$ 41,563
Vans and buses	135,628	-	-	135,628
Buildings and improvements	82,074	-	-	82,074
Investment in property and equipment	<u>\$259,265</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$259,265</u>
Less accumulated depreciation				<u>141,792</u>
Property and equipment net of accumulated depreciation				<u>\$117,473</u>

	BALANCE 07/01/98	ADDITIONS	DELETIONS	BALANCE 06/30/99
Furniture, fixtures, and equipment	\$ 41,553.45	\$ -	\$ -	\$41,553.45
Vans and buses	135,628.12	23,849.00	-	159,477.12
Buildings and improvements	82,073.04	-	-	82,073.04
Investment in property and equipment	<u>\$259,254.61</u>	<u>\$23,849.00</u>	<u>\$ -</u>	<u>\$283,103.61</u>
Less accumulated depreciation				<u>157,852.00</u>
Property and equipment net of accumulated depreciation				<u>\$125,251.61</u>

5. COMMITMENTS AND CONTINGENCIES

The association receives a substantial amount of its support for its programs of providing day services and occupational therapy to retarded persons, from state government and local grants. These grants required the association to furnish rehabilitation services to clients to be reimbursed at an amount stipulated in each contract. A significant reduction in the level of this support, if it were to occur, may have an effect on programs and activities.

LIVINGSTON ASSOCIATION FOR RETARDED CITIZENS, INC.
Notes to the Financial Statements, Continued
For the Years Ended June 30, 1999 and 1998

6. In fiscal year 1995-1996, the Association elected to adopt SFAS Number 117, *Financial Statements of Not-For-Profit Organizations*. Under SFAS Number 117, an organization is required to report information regarding their financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. As permitted by this Statement, the Association has discontinued its use of fund accounting and has, accordingly, reclassified its financial statements to present the required classes of net assets for the current fiscal year. The Association has no temporarily or permanently restricted net assets.

7. YEAR 2000 COMPLIANCE (UNAUDITED)

Time and space saving programming decisions made in prior years resulted in two-digit computer codes that may not correctly recognize "00" as the year 2000. Serious processing error or system failure could result. To prevent this error, computer systems and equipment must be reprogrammed or replaced to make them year 2000 compliant.

The Livingston Association for Retarded Citizens, Inc., is significantly dependent on computerized systems for essential operations and to provide services to citizens. As a continuing process, the association is actively engaged in making necessary changes to its systems and equipment to achieve year 2000 compliance. Interfacing business partners are being surveyed to assess their compliance status and possible impact on district services. Other information technology projects have been re-prioritized and delayed when necessary to support continuing progress toward year 2000 compliance. These changes include system upgrades and equipment replacements. Contingency plans are also being considered.

ADDITIONAL INFORMATION

INDEPENDENT AUDITOR'S REPORT ON ADDITIONAL INFORMATION

To the Board of Directors of the
Livingston Association for Retarded Citizens, Inc.
(Livingston Activity Center)
Walker, Louisiana

My report on my audits of the basic financial statements of the Livingston Association for Retarded Citizens, Inc. for June 30, 1999 and 1998 appears on Page 3. I conducted my audits in accordance with generally accepted auditing standards for the purpose of forming an opinion on the basic financial statements taken as a whole. The additional information 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 my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Leroy J. Christz
Certified Public Accountant, APAC
November 10, 1999

LIVINGSTON ACTIVITY CENTER
Cash and Cash Equivalents
09/30/1999 and 1998

	1999	1998
Cash on-hand	19,849.88	8,654.67
Cash Payroll	24,891.38	10,491.19
Tower Account	247,812.87	290,669.27
Total	<u>\$ 292,554.13</u>	<u>\$ 279,815.13</u>

LIVINGSTON ACTIVITY CENTER
Supporting Schedule of Fixed Assets (Net)
06/30/1999 and 1998

	1999	1998
Accum. Depr renovations	(18,483.83)	(8,911.80)
Renovations to center	61,783.47	61,703.60
Accum. Depr. Equipment	(21,808.90)	(27,814.80)
Equipment	35,374.82	35,374.82
Accum. Depr. Furn. & Fix.	(8,678.74)	(5,481.48)
Furniture and Fixtures	8,178.83	8,178.83
Accum Depr Vehicles	(87,467.40)	(88,482.44)
Vehicles	188,673.72	135,628.12
Accum Depr Buildings	(12,808.73)	(11,322.83)
Buildings	28,370.47	28,370.47
Total	\$ 128,182.81	\$ 117,462.81

LIVINGSTON ACTIVITY CENTER
Supporting Schedule of State Grants
06/30/1999 and 1998

	1998	1999
Supportive Employment Rev		2,792.00
Contract OCDD	206,067.13	174,816.87
Total	<u>\$ 206,067.13</u>	<u>\$ 177,410.87</u>

LIVINGSTON ACTIVITY CENTER
Supporting Schedule of Provider Contracts
06/01/1999 and 1998

	1999	1998
Contract Le Trouve Home	24,393.80	25,890.24
Contract - Abundant Life	25,336.88	25,410.80
Contract Howell House	29,604.95	29,494.28
Total	<u>\$ 79,335.64</u>	<u>\$ 80,795.32</u>

LIVINGSTON ACTIVITY CENTER
Supporting Schedule of Self-Generated
Revenues 1999 and 1998

	1999	1998
Income - Greenhouse	3,791.23	8,299.70
Income - Yards	29,619.90	26,330.00
Income - D.S. News	4,801.35	3,382.25
Income - Wood Stakes	25,219.17	24,227.60
Income - Cookies	1,829.99	1,795.12
Contract Janitorial	14,886.65	14,580.00
Vending Machine Income	3,556.88	3,741.35
Recycled Seed Income		75.00
Rosie's Races	1,800.00	
Private Pay	475.00	(1,050.00)
Total	\$ 88,978.48	\$ 82,411.02

LYINGSTON ACTIVITY CENTER
Supporting Schedule of Salaries, Wages and Benefits
06/30/1999 and 1998

	1999	1998
Salary and Wages	206,104.29	199,749.25
Payroll Taxes	16,192.90	15,821.84
Placement Salaries		7,171.00
Payroll Taxes		519.51
Other Benefits	1,291.06	
Total	<u>\$ 223,588.25</u>	<u>\$ 223,261.60</u>

LIVINGSTON ACTIVITY CENTER
Supporting Schedule of Operating Expenses
06/30/1999 and 1998

	1999	1998
Utilities	8,818.57	8,029.12
Repair / Maintenance	13,447.72	7,942.13
Maintenance Kitchens/Both	1,664.03	3,392.40
Telephone Expense	5,045.27	3,060.00
Office Supplies	8,940.64	2,008.25
Postage and Freight	348.59	326.86
Insurance Expense	34,097.75	35,270.45
Dues and Subscriptions	908.00	1,020.50
Bank Charges		20.00
Professional Services	6,995.00	11,345.07
Casual Labor	503.23	470.05
Licenses and Fees	3,759.44	6,826.59
Total	\$ 78,228.83	\$ 78,413.12

LIVINGSTON ASSOCIATION FOR RETARDED CITIZENS, INC.
Walker, Louisiana
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 1999

I have audited the financial statements of Livingston Association for Retarded Citizens as of and for the year ended June 30, 1999, and have issued our report thereon dated November 10, 1999. I conducted my 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. My audit of the financial statements as of June 30, 1999 resulted in an unqualified opinion.

Section I Summary of Auditor's Reports

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses Yes No Reportable Conditions Yes No

Compliance Material to Financial Statements Yes No

b. Federal Awards

c. Internal Control

Material Weaknesses Yes No Reportable Conditions Yes No

Type of Opinion On Compliance Unqualified Qualified
For Major Programs Disclaimer Adverse

Are their findings required to be reported in accordance with Circular A-133, Section 510(a)?
 Yes No

Identification of Major Programs:

CFDA Number(s) _____ Name of Federal Program (or Cluster) _____

Not applicable

Dollar threshold used to distinguish between Type A and Type B Programs:
\$ _____

Is the auditee a "low-risk" auditee, as defined by OMB Circular A-133? Yes No

Section II Financial Statement Findings

Current Year Findings

No Reportable Findings

Prior Year Findings

No Reportable Findings

Section III Federal Award Findings and Questioned Costs

No Reportable Findings

Leroy J. Chusty
Certified Public Accountant, APAC
November 10, 1999

LIVINGSTON ASSOCIATION FOR RETARDED CITIZENS, INC.
Walker, Louisiana

SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
For the Year Ended June 30, 1999

SECTION I-Internal Control and Compliance Material to the Financial Statements:

Ref. No.	Prior Year Finding Initially Occurred	Description of Finding	Corrective Action Taken (Yes, No, Partially)	Planned Corrective Action/Partial Corrective Action Taken	Additional Explanation
None					

SECTION II-Internal Control and Compliance Material to the Federal Awards:

No Reportable Findings

SECTION III-Management Letter:

No Reportable Findings

Leroy J. Chusty
Certified Public Accountant, CPA/C
November 18, 1999

LIVINGSTON ASSOCIATION FOR RETARDED CITIZENS, INC.
Monroe, Louisiana

MANAGEMENT'S CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
For the Year Ended June 30, 1999

Section I-Internal Control and Compliance Material to the Financial Statements:

Ref. No.	Description of Finding	Corrective Action Planned	Name(s) of Contact Person(s)	Anticipated Completion Date
None				

Section II-Internal Control and Compliance Material to Federal Awards:

No Reportable Findings

Section III-Management Letter:

No Reportable Findings

Leroy J. Clouty

Certified Public Accountant, APAC

November 10, 1999