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

**Financial Statements**

**June 30, 1959**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the auditor, or reviewed, city and other appropriate public officials. The 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 1-19-60

FRANKLIN ASSOCIATION FOR RETARDED CITIZENS, INC.

JUNE 30, 1989

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**Luffey  
Huffman  
& Monroe**

AN INTERNATIONAL ACCOUNTING CORPORATION  
CERTIFIED PUBLIC ACCOUNTANTS

2700 LAFAYETTE BLVD., SUITE 200  
MONROE, LOUISIANA 70601  
L. PIERRE MONROE, CPA  
BRIAN HUFFMAN, CPA  
CANDACE L. COLEMAN, CPA

## INDEPENDENT AUDITORS' REPORT

**The Board of Directors  
Franklin Association for Retarded Citizens, Inc.  
Winnsboro, Louisiana**

We have audited the statement of financial position of **Franklin Association for Retarded Citizens, Inc.** (a nonprofit organization - the Association) as of June 30, 1999, and the related statements of activities, functional expenses and cash flows for the year 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 audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards for financial audits contained in Government 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 Association as of June 30, 1999, 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 our report dated December 29, 1999 on our consideration of the Association's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The information included as "Supplementary Information" in the Table of Contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Association. Such information has

The Board of Directors of Franklin  
Association for Retarded Citizens, Inc.  
Page 2

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.



(A Professional Accounting Corporation)

December 28, 1999

**FRANKLIN ASSOCIATION FOR RETARDED CITIZENS, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 1999**

**ASSETS**

|                              |           |                      |
|------------------------------|-----------|----------------------|
| Cash                         | \$        | 32,120               |
| Accounts Receivable          |           | 20,534               |
| Prepaid Expenses             |           | 1,460                |
| Land, Building and Equipment |           | 123,271              |
| Accumulated Depreciation     |           | <u>(78,890)</u>      |
| <b>TOTAL ASSETS</b>          | <b>\$</b> | <b><u>98,295</u></b> |

**LIABILITIES AND NET ASSETS**

**Liabilities**

|                           |    |               |
|---------------------------|----|---------------|
| Accounts Payable          | \$ | 1,379         |
| Payroll Taxes Payable     |    | 1,905         |
| Other Accrued Liabilities |    | 195           |
| Capital Loans Payable     |    | <u>6,007</u>  |
| <b>Total Liabilities</b>  |    | <b>11,516</b> |

**Net Assets**

|                         |  |               |
|-------------------------|--|---------------|
| Unrestricted            |  | 84,829        |
| Temporarily Restricted  |  | <u>1,850</u>  |
| <b>Total Net Assets</b> |  | <b>86,779</b> |

|   |           |                      |
|---|-----------|----------------------|
| <b>TOTAL LIABILITIES AND NET ASSETS</b> | <b>\$</b> | <b><u>98,295</u></b> |
|---|-----------|----------------------|

The accompanying notes are an integral part of this financial statement.

**FRANKLIN ASSOCIATION FOR RETARDED CITIZENS, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 1999**

**UNRESTRICTED NET ASSETS**

|   |               |
|---|---------------|
| <b>Public Support</b>                               |               |
| Intergovernmental                                   | \$ 301,629    |
| Membership  | 450           |
| Donations   | <u>130</u>    |
| Total Public Support                                | 302,211       |
| <b>Revenues</b>                                     |               |
| Sales and Service Fees                              | <u>22,754</u> |
| Total Public Support and Revenues                   | 324,965       |
| <b>Other Support</b>                                |               |
| Net Assets Released from Time Restrictions          | <u>500</u>    |
| Total Public Support and Revenues and Other Support | 325,465       |
| <b>Expenses</b>                                     |               |
| Program Services:                                   |               |
| Vocational Training                                 | 144,383       |
| Boys & Girls Club, Activity Center                  | <u>6,475</u>  |
| Total Program Services                              | 150,858       |
| Supporting Services:                                |               |
| Management and General                              | <u>47,500</u> |
| Total Expenses                                      | 198,358       |
| Increase in Unrestricted Net Assets                 | 127,107       |

**TEMPORARILY RESTRICTED NET ASSETS**

|   |                  |
|---|------------------|
| Net Assets Released from Time Restrictions    | <u>1,800</u>     |
| Increase in Temporarily Restricted Net Assets | <u>(100)</u>     |
| Increase in Net Assets                        | 1,700            |
| Net Assets at Beginning of Year               | <u>83,763</u>    |
| <b>NET ASSETS AT END OF YEAR</b>              | <b>\$ 85,463</b> |

The accompanying notes are an integral part of this financial statement.

## FRANKLIN ASSOCIATION FOR RETARDED CITIZENS, INC.

## STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 1989

|  | Program Section     |                      |                   | Supporting Services    |                   | Total Expenses |
|--|---------------------|----------------------|-------------------|------------------------|-------------------|----------------|
|  | Functional Training | Barbara Nelson       | Total             | Management and General |                   |                |
|  |                     | Work Activity Center |                   |                        |                   |                |
| Salaries   | \$ 8,380            | \$ 5,297             | \$ 13,677         | \$ 32,488              | \$ 100,492        |                |
| Payroll Taxes  | 6,288               | -                    | 6,288             | 2,478                  | 8,766             |                |
| Employee Benefits                                    | 19,607              | -                    | 19,607            | 6,584                  | 26,191            |                |
| Total Salaries and Related Expenses                  | 34,275              | 5,297                | 39,572            | 41,550                 | 145,317           |                |
| Insurance  | 9,824               | -                    | 9,824             | -                      | 9,824             |                |
| Interest Expense                                     | 1,356               | -                    | 1,356             | -                      | 1,356             |                |
| Maintenance  | 1,488               | 288                  | 1,776             | -                      | 1,776             |                |
| Miscellaneous  | -                   | -                    | -                 | 50                     | 50                |                |
| Office Supplies and Postage                          | 99                  | -                    | 99                | -                      | 99                |                |
| Professional Fees                                    | -                   | -                    | -                 | 6,585                  | 6,585             |                |
| Rent   | 2,400               | -                    | 2,400             | -                      | 2,400             |                |
| Supplies   | 4,885               | -                    | 4,885             | -                      | 4,885             |                |
| Taxes and Licenses                                   | 5                   | -                    | 5                 | -                      | 5                 |                |
| Telephone  | 308                 | -                    | 308               | -                      | 308               |                |
| Training   | 180                 | -                    | 180               | -                      | 180               |                |
| Utilities  | 4,011               | -                    | 4,011             | -                      | 4,011             |                |
| Vehicle Expense                                      | 8,628               | -                    | 8,628             | -                      | 8,628             |                |
| Total  | 131,488             | 6,485                | 137,973           | 47,558                 | 322,914           |                |
| Depreciation of Buildings and Equipment              | 33,443              | -                    | 33,443            | -                      | 33,443            |                |
| Total Functional Expenses                            | 164,931             | 6,485                | 171,416           | 47,558                 | 355,469           |                |
| Allocation of Administrative Overhead to Programs    | 47,668              | -                    | 47,668            | 117,668                | -                 |                |
| <b>TOTAL PROGRAM AND SUPPORTING SERVICE EXPENSES</b> | <b>\$ 212,599</b>   | <b>\$ 6,485</b>      | <b>\$ 219,084</b> | <b>\$ 165,226</b>      | <b>\$ 593,893</b> |                |

The accompanying notes are an integral part of this financial statement.

**FRANKLIN ASSOCIATION FOR RETARDED CITIZENS, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 1999**

|   |                         |
|---|-------------------------|
| <b>Cash Flows From Operating Activities</b>   |                         |
| Increase in net assets  | \$ 36,014               |
| Adjustments to reconcile increase in net assets to net cash provided by operating activities: |                         |
| Depreciation and amortization   | 13,445                  |
| Changes in assets and liabilities:  |                         |
| Accounts receivable   | (7,875)                 |
| Prepaid expenses  | (542)                   |
| Accounts payable  | 838                     |
| Payroll taxes payable   | 2,484                   |
| Net cash provided by operating activities   | <u>34,289</u>           |
| <b>Cash Flows From Investing Activities</b>   |                         |
| Building Improvements   | (3,434)                 |
| Net cash used by investing activities   | <u>(3,434)</u>          |
| <b>Cash Flows From Financing Activities</b>   |                         |
| Payments on capital lease   | (13,200)                |
| Net cash used by financing activities   | <u>(13,200)</u>         |
| <b>Net Increase in Cash</b>   | <b>17,659</b>           |
| <b>Cash at Beginning of Year</b>  | <u><b>14,761</b></u>    |
| <b>CASH AT END OF YEAR</b>  | <b>\$ <u>32,420</u></b> |

The accompanying notes are an integral part of this financial statement.



**FRANKLIN ASSOCIATION FOR RETARDED CITIZENS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 1999**

**Note 1 - Description of Organization**

Franklin Association for Retarded Citizens, Inc. (the Association) was established in 1972, incorporated in September 1982, and received their tax exempt status as a 501(c)(3) organization in December 1983. Its purpose is to promote the general welfare of mentally retarded persons. Its programs are designed to assist and train clients in work activity and self-help skills so they may become productive within the community. The principal programs is vocational training of adults, 21 years of age and older.

**Note 2 - Summary of Significant Accounting Policies**

*A. Financial Statement Presentation and Basis of Accounting*

The Association's financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Association 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. As of June 30, 1999 the Association has no permanently restricted net assets.

The financial statements of the Association have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

*B. Donated Services*

Members, agencies, businesses, volunteers, and others contribute substantial services toward the fulfillment of projects initiated by the Association. No amounts have been reflected in the financial statements for donated services because the donated services do not meet the requirements for accounting recognition under SFAS 117.

*C. Land, Buildings and Equipment*

Land, buildings and equipment are stated at cost. All donated capital assets are recorded at fair market value on the date of the donation. Depreciation is computed on a straight-line basis over the useful lives of the assets. The Association utilizes estimated lives of 5 years for vehicles and leasehold improvements, 5 to 10 years for furniture and equipment, and 20 to 30 years for buildings.

**FRANKLIN ASSOCIATION FOR RETARDED CITIZENS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 1999**

*D. Compensated Absence*

The financial statements do not include an accrual for vacation or sick pay. The Association's policy is that vacation days and/or sick days cannot be carried over to subsequent years.

*E. Functional Expenses*

Expenses that can be identified with a specific program and support service are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated by various statistical bases.

*F. Programs*

Vocational Training's income is derived from the Office of Developmental Disabilities, Louisiana Department of Health and Hospitals. These funds are used to train clients in vocational and pre-vocational activities and supportive services.

The Bertha Nelson Work Activity Center's income is derived from sales of products made by clients and services performed by clients which include janitorial, laundry, washing cars, and contract services.

*G. Tax-Exempt Status*

The Association is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code) and, therefore, has no provision for Federal income taxes. Contributions to the Association are tax deductible within the limitations prescribed by the Code.

*H. Accounting 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 period. Actual results could differ from those estimates.

**Note 3 - Land, Buildings and Equipment**

Land, buildings and equipment consist of the following as June 30, 1999:

**FRANKLIN ASSOCIATION FOR RETARDED CITIZENS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 1999**

|  |           |                      |
|--|-----------|----------------------|
| Buildings                                | \$        | 47,094               |
| Furniture and Equipment                  |           | 19,262               |
| Vehicles Under Capital Lease             |           | 48,055               |
| Leasehold Improvements                   |           | 1,750                |
| Land                                     |           | <u>19,890</u>        |
|  |           | 125,271              |
| Less: Accumulated Depreciation           |           | <u>(79,890)</u>      |
| <b>Net Land, Buildings and Equipment</b> | <b>\$</b> | <b><u>45,381</u></b> |

**Note 4 - Capital Leases**

The Association entered into a four year lease/purchase agreement with Ford Motor Credit Company for two vans. The monthly rental is \$3,208 including interest at 10 percent.

Following is a schedule of future minimum lease payments under the capital lease at June 30, 1999:

|   |           |                     |
|---|-----------|---------------------|
| Future Minimum Lease Payments                                 | \$        | 6,790               |
| Less: Amount Representing Interest                            |           | <u>(155)</u>        |
| <b>NET PRESENT VALUE OF<br/>FUTURE MINIMUM LEASE PAYMENTS</b> | <b>\$</b> | <b><u>6,635</u></b> |

The principal payments under the capital lease obligation are due within the next year.

**Note 5 - Related Party Transactions**

The Association has an operating lease of a building with the President of the Board. The building is used for training clients. The annual lease amount is \$2,400. The lease term is one year with an automatic renewal each year.

**Note 6 - Disclosures About Concentrations**

The Association received over \$195,000 in funding from the state of Louisiana through the Office of Citizens with Developmental Disabilities during the year ended June 30, 1999. This represents over 85% of the Association's revenue.

**FRANKLIN ASSOCIATION FOR RETARDED CITIZENS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 1999**

**Note 7 - Contingencies**

The worldwide challenge facing organizations, commonly referred to as the Year 2000 (Y2K) issue, is the result of problems that may be encountered with date-related transactions on systems that have historically recognized years using two digits vs. four digits, e.g. 98 versus 1998. These systems will potentially recognize the "00" as the year 1900 instead of 2000. On the surface, the Y2K problem sounds simple enough; however, the implications of this problem are far reaching, and could impact a full range of business services and activities.

Although the Association does not employ the use of a computerized system in its operations, it does have significant dealings with third party entities. The Association has conducted a study which includes confirming the Y2K preparedness of significant third parties.

The assessment of risk to the Association are management's estimates. The estimates were based on numerous assumptions as to future events. There can be no guarantee that these estimates will prove accurate or that significant third parties will successfully and timely complete their Y2K remediation efforts; therefore, actual results could be different from those estimated.

**SUPPLEMENTARY INFORMATION -  
GRANT ACTIVITY**

**FRANKLIN ASSOCIATION FOR RETARDED CITIZENS, INC.**  
**SCHEDULE OF EXPENDITURES OF STATE AWARDS**  
**YEAR ENDED JUNE 30, 1999**

| <u>Grant Program/Program Title</u>  | <u>Grant Assistance Number</u> | <u>State Award Amount</u> | <u>State Financial Assistance Current Year</u> |                     |
|---|--------------------------------|---------------------------|--|---------------------|
|   |                                |                           | <u>Revenue Received</u>                        | <u>Expenditures</u> |
| Louisiana Department of Health and Hospitals<br>Office for Citizens with Developmental Disabilities | OCDD<br>34                     | \$195,498                 | \$195,498                                      | \$195,498           |

See Notes to Schedule of Expenditures of State Awards.

**FRANKLIN ASSOCIATION FOR RETARDED CITIZENS, INC.**  
**NOTES TO SCHEDULE OF EXPENDITURES OF STATE AWARDS**  
**YEAR ENDED JUNE 30, 1999**

**Note 1 - General**

The Schedule of Expenditures of State Awards presents the activity of all state award programs of the Association.

**Note 2 - Basis of Accounting**

The Schedule of State Awards is presented using the accrual basis of accounting, which is more fully described in Note 2 to the Association's financial statements.

**Note 3 - Relationship to Statement of Activities**

State award revenue and Medicaid revenue are included in intergovernmental revenue on the Statement of Activities. Intergovernmental revenue consists of the following:

|                                 |    |                |
|---------------------------------|----|----------------|
| State Awards                    | \$ | 195,498        |
| Medicaid Revenue                |    | <u>6,131</u>   |
| Total Intergovernmental Revenue | \$ | <u>201,629</u> |



Luffey  
Huffman  
& Monroe

AN ORGANIZATION AFFILIATED WITH  
CERTIFIED PUBLIC ACCOUNTANTS

2001 LUFFEY, MBA, CPA  
SUITE 1400B, SUITE 100,  
1100 MONROE, CPA  
1800 WILSON, CPA,  
DARTMOUTH, NEW HAMPSHIRE

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

**Franklin Association for Retarded Citizens, Inc.  
Winnsboro, Louisiana**

We have audited the financial statements of the Franklin Association of Retarded Citizens, Inc. (a non-profit corporation - the Association) as of and for the year ended June 30, 1999, and have issued our report thereon dated December 29, 1999. We conducted our audit in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the Louisiana Governmental Audit Guide, issued by the Louisiana Society of Certified Public Accountants and the Louisiana Legislative Auditor.

**Compliance**

As part of obtaining reasonable assurance about whether the Association'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 the Association'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 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



**Franklin Association for Retarded Citizens  
Winnsboro, Louisiana**

assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses.

This report is intended for the information of management of the Association, other entities granting funds to the Association and the Legislative Auditor for the state of Louisiana and is not intended to be used and should not be used by anyone other than these specified parties.



(A Professional Accounting Corporation)

December 20, 1999