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**RED RIVER ASSOCIATION FOR RETARDED CITIZENS, INC.**

**FINANCIAL STATEMENTS**

**JUNE 30, 1998**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity 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 10021998

**YOUNGBLOOD & HODGES**  
A PROFESSIONAL ACCOUNTING CORPORATION

SHREVEPORT, LOUISIANA

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INDEPENDENT AUDITORS' REPORT

THOMAS P. YOUNGBLOOD, CPA  
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Board of Directors  
Red River Association for  
Retarded Citizens, Inc.  
Coushatta, LA

We have audited the accompanying balance sheet of Red River Association for Retarded Citizens, Inc. (a nonprofit organization) as of June 30, 1998, and the related statements of support, revenue and expenses and changes in fund balance and financial position 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, GOVERNMENT AUDITING STANDARDS, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Institutions." Those standards and OMB Circular A-133 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 Red River Association for Retarded Citizens, Inc. as of June 30, 1998, and the results of its operations and changes in its financial position for the year then ended in conformity with generally accepted accounting principles.

  
YOUNGBLOOD & HODGES  
A Professional Accounting Corporation

November 16, 1998

RED RIVER ASSOCIATION FOR RETARDED CITIZENS, INC.

Balance Sheet

June 30, 1998

**ASSETS**

Current assets

Cash on hand and in bank  
including \$25,618 bearing interest \$ 27,674

Property and equipment at cost (Note 1)

Furniture, fixtures and equipment 26,642  
Automobile 9,910  
36,552  
Less Accumulated depreciation 14,312 22,240

Total Assets \$ 49,914

**LIABILITIES AND FUND BALANCE**

Liabilities \$ 10,160

Fund Balance \$ 39,754

Total Liabilities and Fund Balance \$ 49,914

See accompanying notes to the financial statements.

RED RIVER ASSOCIATION FOR RETARDED CITIZENS, INC.

Statement of Revenues and Expenses

Year Ended June 30, 1998

Revenue:

C-Bar	19,965
Coke Money	3,314
Cookies!Cookies!Cookies!	10,614
Ironing,Ironing,Ironing	4,662
Key Employment Services	6,439
Meat Pie Company	28,094
Miscellaneous	238
OCDD	219,714
Reimbursed	1,720
Sales	6,110
Supported Employment	<u>3,719</u>
Total Revenue	<u>304,589</u>

Expense:

Accounting Services	2,500
Auto Expense & Travel	6,164
Building Maintenance	2,416
Building Rent	18,450
Client Payroll	63,394
COA Transportation	1,300
Contract Labor	5,183
Depreciation	4,646
Food Supplies	15,575
Insurance	8,219
Miscellaneous	1,617
Office Expenses	3,487
Other	846
Payroll Expense	190,754
Pest Control	242
Postage & Delivery	438
Rainbow Shop Expense	4,032
Repairs	1,022
Supplies	10,693
Telephone	1,507
Utilities	<u>3,327</u>
Total Expenses	<u>345,812</u>

Revenue Over (Under) Expenses (41,223)

See Accompanying Notes to the financial statements.

RED RIVER ASSOCIATION FOR RETARDED CITIZENS, INC.

Statement of Changes in Fund Balance

For the Year Ended June 30, 1998

Fund balance - June 30, 1997	\$ 80,977
Excess (Deficiency) of revenues over expenses	<u>(41,223)</u>
Fund balance - June 30, 1998	\$ <u>39,754</u>

See accompanying notes to the financial statements.

RED RIVER ASSOCIATION FOR RETARDED CITIZENS, INC.

Statement of Changes in Financial Position

For the Year Ended June 30, 1998

Working capital was provided (used) by:

Operations:

Excess (Deficiency) of public support & revenues over expenses	\$ (41,223)
Items not requiring working capital - depreciation	<u>4,646</u>
	<u>\$ (36,577)</u>

Working capital was used for:

Purchase of property and equipment	<u>-</u>
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Increase (Decrease) in working capital	<u>\$ (36,577)</u>
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Changes in working capital by component:

Current assets - increase (decrease):

Cash on hand and in bank	\$ (26,417)
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Current liabilities - increase (decrease):	<u>\$ 10,160</u>
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Increase (Decrease) in working capital	<u>\$ (36,577)</u>
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See accompanying notes to the financial statements.

RED RIVER ASSOCIATION FOR RETARDED CITIZENS, INC.

Notes to the Financial Statements

June 30, 1998

NOTE 1 Summary of Significant Accounting Policies

**Organization and Operation**

Red River Association for Retarded Citizens, Inc. (RRARC) was incorporated in 1976 as a non-profit corporation under the laws of Louisiana. Among the purposes of the organization are promotion of the general welfare of the mentally retarded and development of programs in their behalf.

RRARC sponsors a work program for its clients which operates under the name Red River Industries (RRI).

**Income Taxes**

The Internal Revenue Service has determined that RRARC is exempt from federal income tax under the provisions of Section 501 (c) (3) of the Internal Revenue Code of 1954.

NOTE 2 Funding From Division of Mental Retardation

RRARC receives funding from the State of Louisiana Division of Mental Retardation (DMR). Funding is provided under terms of a contract, which requires that RRARC provide adult day services to developmentally disabled citizens.

NOTE 3 Leases

RRARC leases the building that houses its operations from one of its employees on a month-to-month basis. The monthly rate is \$1,450, which is the amount for which the building was being leased prior to it being owned by the aforementioned employee.

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## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE GENERAL REQUIREMENTS

To the Board of Directors of  
Red River Association for Retarded Citizens, Inc.

We have audited the financial statements of Red River Association for Retarded Citizens, Inc. (a nonprofit organization) as of and for the year ended June 30, 1998, and have issued our report thereon dated November 16, 1998.

We have applied procedures to test Red River Association for Retarded Citizens, Inc.'s compliance with the following requirements applicable to its state contracts, which are identified in the accompanying schedule of state contracts, for the year ended June 30, 1998.

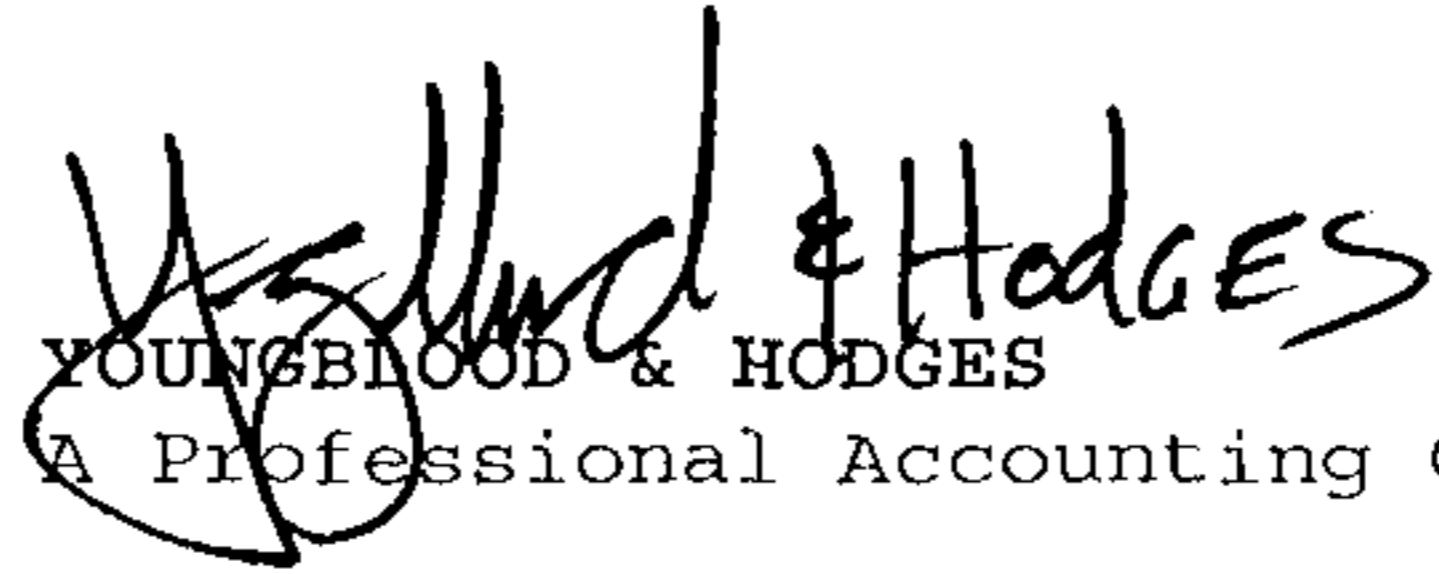
- Political activity
- Davis-Bacon Act
- Civil rights
- Cash management
- Allowable costs
- Drug-free workplace

Our procedures were limited to the applicable procedures described in the Office of Management and Budget's "Compliance Supplement for Audits of Educational Institutions and Other Nonprofit Institutions". Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on Red River Association for Retarded Citizens, Inc.'s compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the first paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that Red River Association for Retarded Citizens, Inc. had not complied, in all material respects, with those requirements.



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

  
YOUNGBLOOD & HODGES  
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November 16, 1998

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## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE IN ACCORDANCE WITH "GOVERNMENT AUDITING STANDARDS"

To the Board of Directors of  
Red River Association for Retarded Citizens, Inc.

We have audited the financial statements of Red River Association for Retarded Citizens, Inc. (a nonprofit organization) for the year ended June 30, 1998, and have issued our report thereon dated November 16, 1998.

We conducted our audit in accordance with generally accepted auditing standards and 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.

In planning and performing our audit of the financial statements of Red River Association for Retarded Citizens, Inc. for the year ended June 30, 1998, we considered its internal control structure 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 structure.

The management of Red River Association for Retarded Citizens, Inc. is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any

evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies and procedures in the following categories:

#### Accounting Controls

Cash

Support, Receivables and Receipts

Expenditures for Supporting Services and Accounts Payable

Payroll and Related Liabilities

Property and Equipment

Governmental Financial Assistance Programs

#### Administrative Controls

General Requirements

Political activity

Davis-Bacon Act

Civil rights

Cash management

Allowable costs

Drug-free workplace

Specific Requirements

Types of services allowed

Eligibility

For all of the control categories listed above, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities 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. We also noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

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

  
YOUNGBLOOD & HODGES  
A Professional Accounting Corporation

November 16, 1998