

11/19/99

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**RICHLAND ASSOCIATION FOR
RETARDED CITIZENS, INCORPORATED
Delhi, Louisiana**

**Financial Statements
With Independent Auditor's Report
As of and for the Year Ended
June 30, 1999**

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 12-8-99

RICHLAND ASSOCIATION FOR
RETARDED CITIZENS, INCORPORATED
Delhi, Louisiana

Financial Statements
With Independent Auditor's Report
As of and for the Year Ended June 30, 1999

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M. Carleen Dumas
CERTIFIED PUBLIC ACCOUNTANT

369 DONALDSON ROAD • CALHOUN, LOUISIANA 71225 • TELEPHONE 318/644-5726

Independent Auditor's Report

RICHLAND ASSOCIATION FOR
RETARDED CITIZENS, INCORPORATED
Delhi, Louisiana

I have audited the accompanying statement of financial position of the Richland Association for Retarded Citizens, Incorporated, 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 management of the Richland Association for Retarded Citizens, Incorporated. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my 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 I 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Richland Association for Retarded Citizens, Incorporated 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*, I have also issued my report dated November 9, 1999, on my consideration of the Richland Association for Retarded Citizens, Incorporated's internal control over financial reporting and my tests of compliance with certain provisions of laws, regulations, and contracts.

RICHLAND ASSOCIATION FOR
RETARDED CITIZENS, INCORPORATED
Delhi, Louisiana
Independent Auditor's Report
June 30, 1999

My audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplemental information schedules listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.



Calhoun, Louisiana
November 9, 1999

FINANCIAL STATEMENTS

RICHLAND ASSOCIATION FOR
RETARDED CITIZENS, INCORPORATED
Delhi, Louisiana

STATEMENT OF FINANCIAL POSITION
June 30, 1999

ASSETS

Current assets:

Cash	\$49,041
Investments - certificate of deposit	20,000
Accounts receivable	<u>11,972</u>
Total current assets	81,013

Land, buildings, and equipment

(net of accumulated depreciation)	<u>16,618</u>
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TOTAL ASSETS**\$97,631****LIABILITIES AND NET ASSETS**

Current liabilities:

Accounts payable	\$1,861
Payroll withholdings payable	<u>866</u>
Total liabilities	2,727

Unrestricted net assets

94,904**TOTAL LIABILITIES AND NET ASSETS****\$97,631**

See accompanying notes.

RICHLAND ASSOCIATION FOR RETARDED
CITIZENS, INCORPORATED
Delhi, Louisiana

Statement of Activities
For the Year Ended June 30, 1999

UNRESTRICTED NET ASSETS**Support and Revenue:**

Support - contributions	\$1,075
Revenue:	
Reimbursements:	
Department of Health and Hospitals	118,226
Louisiana Medical Assistance Program	10,860
Other	15,600
Service revenue:	
Beauty shop	2,914
Ironing	4,910
Cooking	7,148
Interest earnings	1,680
Other revenue	156
Total support and revenue	<u>162,569</u>
Expenses	
Program services - vocational and habilitative	81,261
Support services - management and general	75,305
Total expenses	<u>156,566</u>
INCREASE IN NET ASSETS	6,003
NET ASSETS AT BEGINNING OF YEAR	<u>88,901</u>
NET ASSETS AT END OF YEAR	<u><u>\$94,904</u></u>

See accompanying notes.

RICHLAND ASSOCIATION FOR RETARDED
CITIZENS, INCORPORATED
Delhi, Louisiana

Statement of Functional Expenses
For the Year Ended June 30, 1999

	PROGRAM SERVICES - VOCATIONAL AND HABILITATIVE	SUPPORT SERVICES- MANAGEMENT AND GENERAL	TOTAL
Salaries:			
Employees	\$58,538	\$16,716	\$75,254
Program participants	8,351		8,351
Payroll taxes	4,918	1,323	6,241
Total salaries and related expenses	<u>71,807</u>	<u>18,039</u>	<u>89,846</u>
Accounting and audit		2,642	2,642
Insurance		10,899	10,899
Licenses		210	210
Maintenance and repairs		2,978	2,978
Postage		170	170
Rent		12	12
Supplies:			
Office		792	792
Other	9,454	1,601	11,055
Telephone		1,984	1,984
Transportation		27,290	27,290
Utilities		5,300	5,300
Miscellaneous		2,293	2,293
Total expenses before depreciation	<u>81,261</u>	<u>74,210</u>	<u>155,471</u>
Depreciation		1,095	1,095
Total expenses	<u>\$81,261</u>	<u>\$75,305</u>	<u>\$156,566</u>

See accompanying notes.

RICHLAND ASSOCIATION FOR
RETARDED CITIZENS, INCORPORATED
Delhi, Louisiana

STATEMENT OF CASH FLOWS
For the Year Ended June 30, 1999

CASH FLOWS FROM OPERATING ACTIVITIES	\$6,003
Increase in net assets	\$6,003
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	1,095
(Increase) in operating assets:	
Accounts receivable	(161)
Increase (decrease) in operating liabilities:	
Accounts payable	(1,174)
Taxes payable	(668)
Net cash provided by operating activities	<u>5,095</u>
 CASH FLOWS FROM INVESTING ACTIVITIES	
Increase in investments	<u>(20,000)</u>
 NET DECREASE IN CASH	 (14,905)
 CASH AT BEGINNING OF YEAR	 <u>63,946</u>
 CASH AT END OF YEAR	 <u><u>\$49,041</u></u>

See accompanying notes.

RICHLAND ASSOCIATION FOR
RETARDED CITIZENS, INCORPORATED
Delhi, Louisiana

Notes to the Financial Statements
As of and for the Year Ended June 30, 1999

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Richland Association for Retarded Citizens, Incorporated, is a nonprofit organization whose purpose is to provide vocational and habilitative services to mentally retarded citizens ages 22 years and older.

A. FINANCIAL STATEMENT PRESENTATION

In 1996 the Richland Association for Retarded Citizens, Incorporated, elected to adopt Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Richland Association for Retarded Citizens, Incorporated, 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 based upon the existence or absence of donor-imposed restrictions. In addition, the Richland Association for Retarded Citizens, Incorporated, is required to present a statement of cash flows.

B. BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The accompanying financial statements are prepared on the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

C. ESTIMATES

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 those estimates.

**RICHLAND ASSOCIATION FOR
RETARDED CITIZENS, INCORPORATED**
Delhi, Louisiana
Notes to the Financial Statements

D. FIXED ASSETS

Fixed assets acquired by the Richland Association for Retarded Citizens, Incorporated, are considered to be owned by the association and are capitalized at cost. The depreciation of buildings and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis. The estimated useful lives are ten years for the building and five years for the equipment.

E. CONTRIBUTIONS

Contributions are recorded when received. All contributions are available for unrestricted use unless specifically restricted by the donor.

F. THIRD PARTY REIMBURSEMENTS

The Association receives approximately 89 per cent of its funding from third party reimbursements under contracts for the provision of adult vocational and habilitative services. In order to receive funding, the Association must comply with contract provisions. During the year ended June 30, 1999, the Association received funding under contracts with the Louisiana Department of Health and Hospitals, Office For Citizens With Developmental Disabilities; Delta-American Healthcare, Incorporated; and the Louisiana Medical Assistance Program.

G. CASH

At June 30, 1999, the Richland Association for Retarded Citizens, Incorporated, has cash in demand deposits (book balances) totaling \$49,041. The Association's bank balances were fully insured by FDIC insurance at June 30, 1999.

H. INVESTMENTS

Richland Association for Retarded Citizens, Incorporated, has adopted Statement of Financial Accounting Standards (SFAS) No. 124, *Accounting for Certain Investments Held by Not-for-Profit Organizations*. Under SFAS No. 124, investments in marketable

**RICHLAND ASSOCIATION FOR
RETARDED CITIZENS, INCORPORATED**
Delhi, Louisiana
Notes to the Financial Statements

securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. At June 30, 1999, the association's investments consist of a nonnegotiable certificate of deposit with a original maturity that exceeds 90 days that is reported in the accompanying financial statements at cost. The bank balances of the deposits are fully secured from risk by federal deposit insurance.

2. RECEIVABLES

Receivables at June 30, 1999, in the amount of \$11,972, consist of amounts due under contracts for the provision of vocational and habilitative services. The receivables are considered fully collectible and no allowance for uncollectible accounts is reported in the financial statements.

3. LAND, BUILDINGS, AND EQUIPMENT

A summary of land, buildings, and equipment at June 30, 1999, is as follows:

Land and buildings	\$17,040
Equipment	18,211
Less accumulated depreciation	<u>(18,633)</u>
Total	<u>\$16,618</u>

4. INCOME TAX STATUS

The Richland Association for Retarded Citizens, Incorporated, is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in these financial statements.

5. LITIGATION AND CLAIMS

At June 30, 1999, the Association is not involved in any litigation nor is it aware of any unasserted claims.

SUPPLEMENTAL INFORMATION SCHEDULES

RICHLAND ASSOCIATION FOR
RETARDED CITIZENS, INCORPORATED
Delhi, Louisiana
SUPPLEMENTAL INFORMATION SCHEDULES
For the Year Ended June 30, 1999

PRIOR AUDIT FINDINGS

The follow-up and corrective action taken on all prior audit findings is presented in the summary schedule of prior audit findings (Schedule 1).

CURRENT YEAR AUDIT FINDINGS

The corrective action plan for current year audit findings is presented in Schedule 2.

RICHLAND ASSOCIATION FOR
RETARDED CITIZENS, INCORPORATED
Delhi, Louisiana

Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 1999

Reference Number	Fiscal Year Finding Initially Occurred	Description of Finding	Status of Finding
Internal Control	06/30/96	Inadequate Segregation of Accounting Duties	Unresolved - See 99-1 on Schedule of Current Year Audit Findings

RICHLAND ASSOCIATION FOR
RETARDED CITIZENS, INCORPORATED
Delhi, Louisiana

Schedule of Current Year Audit Findings
For the Year Ended June 30, 1999

99-1 INADEQUATE SEGREGATION OF ACCOUNTING DUTIES

Condition: All accounting functions of the Association, i.e., depositing and posting receipts and preparing, posting, and issuing checks are performed by one individual.

Criteria: Incompatible functions should be performed by separate individuals.

Effect: Errors or irregularities may not be detected within a timely period.

Cause: It is not economically feasible to correct this deficiency based on the size of the Association and its limited revenues.

Recommendation: None

Management's Response: It is not economically feasible to correct this deficiency based on the size of the Association and its limited revenues.

Independent Auditor's Report
Required by *Government Auditing Standards*

The following independent auditor's report on compliance and on internal control over financial reporting is presented in compliance with the requirements of *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Louisiana Governmental Audit Guide*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.

M. Carleen Dumas
CERTIFIED PUBLIC ACCOUNTANT

369 DONALDSON ROAD • CALHOUN, LOUISIANA 71225 • TELEPHONE 318/644-5726

**Independent Auditor's Report on Compliance and on
Internal Control Over Financial Reporting
Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

RICHLAND ASSOCIATION FOR
RETARDED CITIZENS, INCORPORATED
Delhi, Louisiana

I have audited the financial statements of the Richland Association for Retarded Citizens, Incorporated, as of June 30, 1999, and for the year then ended, and have issued my report thereon dated November 9, 1999. I conducted my 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 Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.

Compliance

As part of obtaining reasonable assurance about whether the Richland Association for Retarded Citizens, Incorporated's financial statements are free of material misstatement, I performed tests of the association's compliance with certain provisions of laws, regulations, and contracts, 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 audit, I considered the Richland Association for Retarded Citizens, Incorporated'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. However, I noted a certain matter involving the internal control over financial reporting and its operation that I consider to be a reportable condition. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgment, could adversely affect the Richland Association for Retarded Citizens, Incorporated's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of current year audit findings as item 99-1.

**RICHLAND ASSOCIATION FOR
RETARDED CITIZENS, INCORPORATED**
Independent Auditor's Report
on Compliance and on
Internal Control, etc.,
June 30, 1999

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. My 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, I do not consider the reportable condition described above to be a material weakness.

This report is intended solely for the information of the board of directors of the Richland Association for Retarded Citizens, Incorporated and the Louisiana Department of Health and Hospitals, Office for Citizens With Developmental Disabilities and should not be used by anyone other than these specified parties.



Calhoun, Louisiana
November 9, 1999