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**ASSOCIATION OF RETARDED
CITIZENS OF EVANGELINE, INC.**
Ville Platte, Louisiana

Financial Report

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 01 1999

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements	
Statement of financial position	2
Statement of activities	3
Statement of functional expenses	4
Statement of cash flows	5
Notes to the financial statements	6-8
 INTERNAL CONTROL AND COMPLIANCE	
 Independent Auditor's Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <u>Government</u> <u>Auditing Standards</u>	 10-11
 Summary schedule of prior year audit findings and corrective action plan	 12

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Association of Retarded Citizens of Evangeline, Inc.
Ville Platte, Louisiana

We have audited the accompanying statement of financial position of the Association of Retarded Citizens of Evangeline, Inc., (a nonprofit organization) 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 Organization'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 applicable to 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 of Retarded Citizens of Evangeline, Inc., as of June 30, 1999, and the changes in its net assets and 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 September 16, 1999 on our consideration of the organization's internal control over financial reporting and our tests of its compliance with certain provision of laws, regulations and contracts.

Kolder, Champagne, Slaven & Rainey, LLC
Certified Public Accountants

Ville Platte, Louisiana
September 16, 1999

ASSOCIATION OF RETARDED CITIZENS OF EVANGELINE, INC.
Ville Platte, Louisiana

Statement of Financial Position
June 30, 1999

ASSETS

Current assets:

Prepaid insurance	\$ 5,115
Revenue receivable	<u>126,493</u>
Total current assets	<u>131,608</u>

Property and equipment:

Furniture and fixtures	38,312
Buildings	27,025
Leasehold improvements	58,473
Accumulated depreciation	<u>(50,009)</u>
Total net property and equipment	<u>73,981</u>

Other assets:

Deposits	<u>3,255</u>
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Total assets	<u>\$208,844</u>
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LIABILITIES AND NET ASSETS

Current liabilities:

Accounts payable	\$ 82,736
Accrued payroll taxes	21,239
Bank overdrafts	<u>5,385</u>
Total current liabilities	109,360

Net assets:

Unrestricted net assets	<u>99,484</u>
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Total liabilities and net assets	<u>\$208,844</u>
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The accompanying notes are an integral part of this statement.

ASSOCIATION OF RETARDED CITIZENS OF EVANGELINE, INC.
Ville Platte, Louisiana

Statement of Activities
Year Ended June 30, 1999

Revenue:	
OCDD reimbursement	\$ 73,862
Day program reimbursement	62,326
Title 19 reimbursement	1,460,125
Donation	34,569
Maintenance contracts	48,464
Nursery, crafts and thrift sales	33,893
Other income	11,921
Total revenue	<u>1,725,160</u>
Expenses:	
Program services	1,087,729
Management and general	642,673
Total expenses	<u>1,730,402</u>
Change in net assets	(5,242)
Net assets, beginning of year	<u>104,726</u>
Net assets, end of year	<u>\$ 99,484</u>

The accompanying notes are an integral part of this statement.

ASSOCIATION OF RETARDED CITIZENS OF EVANGELINE, INC.
Ville Platte, Louisiana

Statement of Functional Expenses
Year Ended June 30, 1999

	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
Advertising and promotion	\$ -	\$ 903	\$ 903
Auto expense	-	36,258	36,258
Bank charges	-	9,927	9,927
Dues	-	75	75
Food	62,071	-	62,071
Laundry and linen	1,045	-	1,045
Liability insurance	-	33,461	33,461
Licenses	-	3,180	3,180
Management fee	-	218,214	218,214
Medical services	7,169	-	7,169
Miscellaneous	6,542	141	6,683
Non-food	13,389	-	13,389
Non-property taxes	-	99,263	99,263
Office supplies	-	7,659	7,659
Outside services	44,029	-	44,029
Payroll taxes	52,627	8,963	61,590
Penalties	-	3,033	3,033
Personal client needs	11,559	-	11,559
Professional fees	-	25,600	25,600
Recreational	4,586	-	4,586
Rent	152,147	-	152,147
Repairs and maintenance	30,035	-	30,035
Salaries	610,151	131,499	741,650
Supplies	48,655	5,491	54,146
Telephone	-	22,936	22,936
Training in-service	-	3,092	3,092
Travel and seminar	-	1,611	1,611
Utilities	34,440	-	34,440
Workman's compensation insurance	-	31,367	31,367
Total expenses before depreciation	<u>1,078,445</u>	<u>642,673</u>	<u>1,721,118</u>
Depreciation expense	<u>9,284</u>	<u>-</u>	<u>9,284</u>
Total expenses	<u><u>\$1,087,729</u></u>	<u><u>\$642,673</u></u>	<u><u>\$1,730,402</u></u>

The accompanying notes are an integral part of this statement.

ASSOCIATION OF RETARDED CITIZENS OF EVANGELINE, INC.
Ville Platte, Louisiana

Statement of Cash Flows
Year Ended June 30, 1999

Cash flows used for operating activities	<u>\$ (5,242)</u>
Change in net assets	
Adjustments to reconcile changes in net assets to net cash provided by operating activities:	
Depreciation	9,284
Increase in revenue receivable	(478)
Increase in prepaid insurance	(5,115)
Decrease in accounts payable	(3,232)
Increase in accrued payroll taxes	<u>2,558</u>
Net cash provided by operating activities	<u>3,017</u>
Net increase in cash	(2,225)
Cash, beginning of period	<u>(3,160)</u>
Cash, end of period	<u><u>\$ (5,385)</u></u>

The accompanying notes are an integral part of this statement.

ASSOCIATION OF RETARDED CITIZENS OF EVANGELINE, INC.
Ville Platte, Louisiana

Notes to the Financial Statements

(1) Summary of Significant Accounting Policies

A. Nature of Activities

The Association of Retarded Citizens of Evangeline, Inc., is a non-profit organization exempt from income tax under section 501(c)(3) of the Internal Revenue Code. The corporation was created on August 11, 1987 to promote and advance charitable, educational, and scientific purposes and to provide for the general welfare of persons who are retarded citizens of the Parish of Evangeline and surrounding areas. The organization consists of five homes and two centers for development located in Ville Platte and Scott, Louisiana.

The board of directors of the corporation are elected by the members of the corporation, serve variable terms, and receive no compensation.

B. Financial Statement Presentation

Association of Retarded Citizens of Evangeline, Inc. has adopted the provisions of Statements of Financial Accounting Standards No. 117, "Financial Statements of Not-for-Profit Organizations". Statement No. 117 requires Association of Retarded Citizens of Evangeline, Inc. 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.

C. 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 measurement made, regardless of the measurement focus applied.

The financial statements of the corporation are presented on the accrual basis of accounting.

D. Income Taxes

Income taxes are not provided for in the financial statements since the organization is exempt from federal and state income taxes under section 501(c)(3) of the Internal Revenue Code and similar state provisions. The organization is not classified as a private foundation.

E. Property and Equipment

Property and equipment are stated at cost. Depreciation is computed on a straight-line basis over the applicable recovery periods which range from 5 to 31.5 years.

ASSOCIATION OF RETARDED CITIZENS OF EVANGELINE, INC.
Ville Platte, Louisiana

Notes to Financial Statements (Continued)

F. Compensated Absences

Vacation and sick leave are recorded as expenditures of the period in which paid and cannot be carried over from year to year. Any liability Association of Retarded Citizens of Evangeline, Inc. might have in this regard at June 30, 1999, is considered immaterial; therefore, no liability has been recorded in the accounts.

G. Donations

Donated funds in the amount of \$34,569 were received from the Evangeline Association of Retarded Children Organization and are included on the Statement of Activities.

H. Statement of Cash Flows

The Association of Retarded Citizens of Evangeline, Inc. considers all highly liquid investments with maturity of three months or less at the date of acquisition to be cash equivalents.

I. Total Columns

Total columns are presented to facilitate financial analysis. Data in these columns do not present financial position, results of operations and changes in net assets in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

J. 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.

(2) Property and Equipment

Property and equipment consisted of the following at June 30, 1999:

Furniture and Fixtures	\$ 38,312
Building and Improvements	85,678
Total	<u>123,990</u>
Less: Accumulated depreciation	<u>(50,009)</u>
Net property and equipment	<u>\$ 73,981</u>

ASSOCIATION OF RETARDED CITIZENS OF EVANGELINE, INC.
Ville Platte, Louisiana

Notes to Financial Statements (Continued)

(3) Social Security System

Employees of Evangeline Association of Retarded Citizens, Inc. are members of the Social Security System. The organization and its employees contribute a percentage of each employee's salary to the System (7.65 percent each). The organization's contribution during the year ended June 30, 1999 amounted to \$56,736.

(4) Litigation

There is no litigation pending against the Evangeline Association of Retarded Citizens, Inc. at June 30, 1999 in which the result would have a material adverse effect on the accompanying financial statements, and accordingly, no provision for losses has been recorded.

(5) Third-Party Reimbursements

The Association of Retarded Citizens, Inc. receives medicaid reimbursements for patients living at five separate homes. Each home serves approximately six patients. Reimbursements are determined according to the patients level of care. Medicaid reimbursements consist of 78% of the Organization's total revenue.

(6) Operating Leases

The Association of Retarded Citizens, Inc. has entered into a number of operating leases which contain cancellation provisions. For the year ended June 30, 1999, rent expenses approximated \$152,147 for all types of leases which were all related to program services.

INTERNAL CONTROL AND COMPLIANCE

KOLDER, CHAMPAGNE, SLAVEN & RAINEY, LLC

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

To the Board of Directors
Association of Retarded Citizens of Evangeline, Inc.
Ville Platte, Louisiana

We have audited the financial statements of the Association of Retarded Citizens of Evangeline, Inc. (a nonprofit organization), as of and for the year ended June 30, 1999, and have issued our report thereon dated September 16, 1999. We conducted our 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.

Compliance

As part of obtaining reasonable assurance about whether Evangeline Association of Retarded 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 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 Evangeline Association of Retarded 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 a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. 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 the Evangeline Association of Retarded Citizens, Inc.'s ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. A reportable condition is described in the accompanying schedule of current and prior year audit findings and corrective action plan as item 99-1.

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. 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 believe the reportable condition described above is a material weakness. We also noted other matters involving internal control over financial reporting, which we have reported to management in a separate letter dated September 16, 1999.

This report is intended solely for the information of management and the Board of Directors and is not intended to be and should not be used by anyone other than these specified parties.

Kolder, Champagne, Slaven & Rainey, LLC
Certified Public Accountants

Ville Platte, Louisiana
September 16, 1999

ASSOCIATION OF RETARDED CITIZENS OF EVANGELINE, INC.

Summary Schedule of Current and Prior Year Audit Findings
and Corrective Action Plan
Year Ended June 30, 1999

<u>Ref. No.</u>	<u>Fiscal Year Finding Initially Occurred</u>	<u>Description of Finding</u>	<u>Corrective Action Taken</u>	<u>Corrective Action Planned</u>	<u>Name of Contact Person</u>	<u>Anticipated Completion Date</u>
Internal Control:						
99-1	Unknown	Due to the small number of employees, the organization did not have adequate segregation of functions within the accounting system.	No	Based upon the size of the operation and the cost benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.	Gary Ortego-Administrator	N/A
Management Letter:						
99-2	1998	The organization incurred an unusually large amount of NSF bank charges during the year.	No	Cash management procedures will be implemented to avoid spending funds on unnecessary NSF bank charges and late penalties.	Gary Ortego-Administrator	Immediately

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MANAGEMENT LETTER

To the Board of Directors
Association of Retarded Citizens of Evangeline, Inc.
Ville Platte, Louisiana

During our audit of the financial statements of the Association of Retarded Citizens of Evangeline, Inc., for the year ended June 30, 1999, we noted a certain area in financial reporting practice in which improvement is desirable.

During the year ending June 30, 1999, the Association of Retarded Citizens, Inc. incurred approximately \$13,000 in I.R.S. late payment penalties, late lease payment charges and NSF bank charges. Cash management procedures should be implemented in order to avoid spending funds on such unnecessary items.

We would like to express our appreciation to you and your office staff for the courtesies and assistance rendered to us during the performance of our audit. Should you have any questions or need assistance in implementing any suggestions, please feel free to contact us.

Kolder, Champagne, Slaven & Rainey, LLC
Certified Public Accountants

Ville Platte, Louisiana
September 16, 1999