

C-BARC, THE ARC OF CADDO-BOSSIER

SHREVEPORT, LOUISIANA

JUNE 30, 1999

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Release Date 1-26-00

C-BARC, THE ARC OF CADDO-BOSSIER

SHREVEPORT, LOUISIANA

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AUDITED CONSOLIDATED FINANCIAL STATEMENTS

September 16, 1999

The Board of Directors
C-Barc, The Arc of Caddo-Bossier
Shreveport, Louisiana

Independent Auditor's Report

We have audited the accompanying consolidated statement of financial position of C-BARC, The Arc of Caddo-Bossier at June 30, 1999, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Arc's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

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 consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of C-BARC, The Arc of Caddo-Bossier at June 30, 1999, and the consolidated results of its operations 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 a report dated September 16, 1999 on our consideration of C-BARC's internal control structure and on its compliance with laws and regulations.

Heard, McElroy + Vestal, LLP

C-BARC, THE ARC OF CADDO-BOSSIER

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT JUNE 30, 1999

<u>A S S E T S</u>	<u>General Fund</u>	
	<u>Unrestricted</u>	<u>Permanently Restricted and Designated</u>
Cash-Note 3	(84,302)	421,561
Investments-Note 9	3,093,070	-
Accounts receivable-Note 4	1,032,353	-
Prepaid expenses and other assets	2,168	-
Inventory	-	-
Land, building and equipment-Note 5	-	-
<u>Less-accumulated depreciation</u>	<u>-</u>	<u>-</u>
Total assets	<u>4,043,289</u>	<u>421,561</u>
 <u>LIABILITIES AND NET ASSETS</u> 		
Accounts payable	4,429	-
Accrued payroll and bonus	387,682	-
Accrued expenses	16,739	-
Total liabilities	408,850	-
<u>Net assets-Note 3</u>	<u>3,634,439</u>	<u>421,561</u>
Total liabilities and net assets	<u>4,043,289</u>	<u>421,561</u>

The accompanying notes are an integral part of the financial statements.

Land, Building and Equipment Fund	Total All Funds (Memorandum Only)	
	June 30, 1999	June 30, 1998
-	337,259	1,473,613
-	3,093,070	2,786,921
-	1,032,353	1,142,496
-	2,168	30,095
-	-	2,974
5,489,492	5,489,492	4,770,166
<u>(2,796,539)</u>	<u>(2,796,539)</u>	<u>(2,543,843)</u>
<u>2,692,953</u>	<u>7,157,803</u>	<u>7,662,422</u>
-	4,429	12,078
-	387,682	873,250
-	<u>16,739</u>	<u>21,068</u>
-	408,850	906,396
<u>2,692,953</u>	<u>6,748,953</u>	<u>6,756,026</u>
<u>2,692,953</u>	<u>7,157,803</u>	<u>7,662,422</u>

C-BARC, THE ARC OF CADDO-BOSSIER

CONSOLIDATED STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 1999

	<u>General Fund</u>	
	<u>Unrestricted</u>	<u>Permanently Restricted and Designated</u>
<u>Public support and revenue:</u>		
<u>Public support:</u>		
State of Louisiana	2,878,839	-
Title XIX	5,175,078	-
United Way	100,640	-
Contributions	1,135	5,948
Service fees	181,910	-
Client services	23,615	-
Other public support	77,098	-
Total public support	<u>8,438,315</u>	<u>5,948</u>
<u>Revenue:</u>		
Sales revenue	1,767,616	27,914
Membership dues	8,670	-
Investment income-Note 9	322,166	4,759
Other income	5,672	-
Total revenue	<u>2,104,124</u>	<u>32,673</u>
Total public support and revenue	10,542,439	38,621
<u>Expenses:</u>		
Adult services	3,644,814	23,618
Children services	1,370,458	3,748
Case management services	-	-
Residential services	4,852,193	-
Management and general	466,463	9,655
Total expenses	<u>10,333,928</u>	<u>37,021</u>
<u>Change in net assets</u>	208,511	1,600
<u>Net assets-beginning of year</u>	4,089,742	439,961
Transfers	(663,814)	(20,000)
	<u>3,425,928</u>	<u>419,961</u>
<u>Net assets-end of year</u>	<u>3,634,439</u>	<u>421,561</u>

The accompanying notes are an integral part of the financial statements.

Land, Building and Equipment Fund	Total All Funds (Memorandum Only)	
	June 30, 1999	June 30, 1998
-	2,878,839	2,319,435
-	5,175,078	5,096,165
-	100,640	102,630
43,567	50,650	100,916
-	181,910	191,537
-	23,615	17,336
-	77,098	81,885
<u>43,567</u>	<u>8,487,830</u>	<u>7,909,904</u>
-	1,795,530	2,473,034
-	8,670	10,649
-	326,925	423,302
-	5,672	16,031
<u>-</u>	<u>2,136,797</u>	<u>2,923,016</u>
43,567	10,624,627	10,832,920
120,263	3,788,695	3,650,767
9,794	1,384,000	1,073,295
-	-	161,176
65,321	4,917,514	4,591,761
65,373	541,491	917,628
<u>260,751</u>	<u>10,631,700</u>	<u>10,394,627</u>
(217,184)	(7,073)	438,293
2,226,323	6,756,026	6,317,733
683,814	-	-
<u>2,910,137</u>	<u>6,756,026</u>	<u>6,317,733</u>
<u>2,692,953</u>	<u>6,748,953</u>	<u>6,756,026</u>

C-BARC, THE ARC OF CADDO-BOSSIER
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 1999

	<u>Adult Services</u>	<u>Children Services</u>
Salaries	2,209,884	896,014
Payroll taxes	312,298	137,214
Other employee expenses-Note 8	<u>178,200</u>	<u>48,787</u>
Total salaries and payroll related expenses	2,700,382	1,082,015
Professional	1,599	3,235
Insurance	34,157	7,750
Licenses	1,012	315
Office expense	26,368	4,462
Postage and publication	10,420	-
Telephone	27,399	974
Repairs and maintenance	143,189	4,876
Training	6,770	5,203
Travel and conventions	39,205	18,634
Operating supplies	137,799	21,686
Utilities	100,311	1,450
Rent	46,433	-
Vehicle and equipment lease	45,137	9,017
Equipment	70,000	-
Property tax	483	-
Food	17,971	35,712
Household supplies	-	1,342
Clothing	-	-
Personal necessities	-	-
Medical	1,916	55
Transportation and outing	9,411	6,086
Consultant fees	-	-
Day program	-	-
Other	-	-
Administrative allocation	<u>248,470</u>	<u>171,394</u>
Total other expenses before depreciation	<u>968,050</u>	<u>292,191</u>
Total expenses before depreciation	3,668,432	1,374,206
<u>Depreciation expense</u>	<u>120,263</u>	<u>9,794</u>
<u>Total expenses</u>	<u>3,788,695</u>	<u>1,384,000</u>

The accompanying notes are an integral part of the financial statements.

<u>Residential Services</u>	<u>Management and General</u>	<u>Total All Funds (Memorandum Only)</u>	
		<u>June 30, 1999</u>	<u>June 30, 1998</u>
2,938,494	565,765	6,610,157	6,258,944
473,353	99,531	1,022,396	848,398
<u>127,759</u>	<u>134,445</u>	<u>489,191</u>	<u>1,005,342</u>
3,539,606	799,741	8,121,744	8,112,684
-	62,128	66,962	106,174
55,328	21,004	118,239	104,910
222,189	208	223,724	226,115
9,398	90,692	130,920	106,445
-	12,510	22,930	19,538
27,135	14,424	69,932	61,155
109,971	127,698	385,734	403,607
2,835	2,433	17,241	21,461
43,937	28,778	130,554	123,420
17,795	10,927	188,207	200,665
48,118	27,871	177,750	144,541
1,424	-	47,857	40,396
84,978	28,492	167,624	142,194
-	-	70,000	-
-	2,730	3,213	-
95,306	313	149,302	143,253
17,609	-	18,951	17,810
20,191	250	20,441	24,259
12,141	-	12,141	11,903
44,316	228	44,544	40,099
16,193	3,594	21,758	22,008
91,740	15,454	122,691	70,065
-	-	-	-
-	40,058	40,058	-
<u>391,983</u>	<u>(813,415)</u>	<u>(1,568)</u>	<u>(1,790)</u>
<u>1,312,587</u>	<u>(323,623)</u>	<u>2,249,205</u>	<u>2,028,228</u>
4,852,193	476,118	10,370,949	10,140,912
<u>65,321</u>	<u>65,373</u>	<u>260,751</u>	<u>253,715</u>
<u>4,917,514</u>	<u>541,491</u>	<u>10,631,700</u>	<u>10,394,627</u>

C-BARC, THE ARC OF CADDO-BOSSIER
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 1999

	General Fund	
	Unrestricted	Permanently Restricted and Designated
<u>Cash flows from operating activities:</u>	208,511	1,600
Change in net assets		
Adjustments to reconcile change in net assets to net cash provided (used) by operating expenses:		
Depreciation	-	-
Net realized and unrealized gains on investments	(203,857)	-
(Increase) decrease in accounts receivable	110,143	-
Decrease in prepaid expenses and other assets	27,927	-
Decrease in inventory	2,794	-
(Decrease) in accounts payable	(7,649)	-
Increase (decrease) in payroll liabilities	(485,568)	-
Increase (decrease) in accrued expenses	(4,329)	-
Total adjustments	(560,539)	-
Net cash provided (used) by operating activities	(352,028)	1,600
 <u>Cash flows from investing activities:</u>		
Net change in investments	(102,112)	-
Purchase of fixed assets	-	-
Net cash (used) by investing activities	(102,112)	-
 <u>Transfers</u>	(663,814)	(20,000)
 <u>Net increase (decrease) in cash and cash equivalents</u>	(1,117,954)	(18,400)
 <u>Cash and cash equivalents at beginning of year</u>	1,033,652	439,961
 <u>Cash and cash equivalents at end of year</u>	(84,302)	421,561
 <u>Supplemental disclosures:</u>		
Interest paid	-	-

The accompanying notes are an integral part of the financial statements.

Land, Building and Equipment Fund	Total All Funds (Memorandum Only)	
	June 30, 1999	June 30, 1998
(217,184)	(7,073)	438,293
260,751	260,751	253,716
-	(203,857)	266,846
-	110,143	(39,184)
-	27,927	27,062
-	2,794	759
-	(7,649)	(6,116)
-	(485,568)	231,009
-	(4,329)	3,786
<u>260,751</u>	<u>(299,788)</u>	<u>737,878</u>
43,567	(306,861)	1,176,171
-	(102,112)	(853,100)
<u>(727,381)</u>	<u>(727,381)</u>	<u>(302,516)</u>
(727,381)	(829,493)	(1,155,616)
<u>683,814</u>	<u>-</u>	<u>-</u>
-	(1,136,354)	20,555
-	1,473,613	1,453,058
<u>-</u>	<u>337,259</u>	<u>1,473,613</u>
<u>-</u>	<u>-</u>	<u>-</u>

C-BARC, THE ARC OF CADDO-BOSSIER

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AT JUNE 30, 1999

1. Nature of Business.

C-BARC, The Arc of Caddo-Bossier is a not-for-profit public service Association exempt from federal income taxation under Internal Revenue Code Section 501(c)(3). Revenues are derived primarily from the following:

- a) State of Louisiana, generally under third-party reimbursement plans
- b) Title XIX
- c) United Way
- d) Contributions from the general public
- e) Contract work by the handicapped clients for various types of companies

The Arc provides education, training, and work opportunities for the mentally handicapped of all ages.

2. Summary of Significant Accounting Policies.

a) Financial Statement Presentation:

C-BARC has adopted Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations." Under SFAS No. 117, C-BARC is required to report information regarding its financial position and activities based on the absence or existence of donor-imposed restrictions. Accordingly, net assets of C-BARC and changes therein may be classified and reported as follows:

Unrestricted net assets-Net assets that are not subject to donor-imposed stipulations. Some unrestricted net assets may be designated by the Board for specific purposes, as shown in Note 3.

Temporarily restricted net assets-Net assets subject to donor-imposed stipulations that may or will be met by actions of C-BARC, and/or by the passage of time.

Permanently restricted net assets-Net assets subject to donor-imposed stipulations that they be maintained permanently by C-BARC. Generally, donors permit all or part of the income earned on these assets to be used for general or specific purposes. Permanently restricted net assets are detailed in Note 3.

b) Contributions:

C-BARC also has adopted SFAS No. 116, "Accounting for Contributions Received and Contributions Made." In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor-imposed restrictions.

c) Promises to Give:

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases

2. Summary of Significant Accounting Policies. (Continued)

in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

C-BARC uses the allowance method to determine uncollectible unconditional promises receivable, when material. The allowance is based on prior years' experience and management's analysis of specific promises made.

d) Investments:

The Arc accounts for investments at fair value in accordance with Statement of Financial Accounting Standards No. 124, "Accounting for Certain Investments Held by Not-for-Profit Organizations."

e) 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.

f) Land, Building and Equipment:

Land, building and equipment are stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the following estimated useful lives:

<u>Asset</u>	<u>Estimated Life</u>
Furniture, fixtures, and equipment	5-10 years
Vehicles	3-5 years
Buildings and improvements	10-40 years

All expenditures for fixed assets in excess of \$500 are capitalized.

g) Advertising Costs:

Costs of advertising are expensed as incurred.

h) Consolidation:

The financial statements include the accounts of C-BARC and Cebolla Enterprises, Inc., a wholly-owned for-profit subsidiary disposed of in 1999. All intercompany transactions have been eliminated in the consolidated financial statements. The Arc also owns, as its only member, The Arc of Caddo-Bossier Foundation, a not-for-profit corporation formed in 1997. The accounts of the Foundation also are included in these consolidated financial statements.

i) Functional Expenses:

Functional expenses are generally allocated based on the relative amount of direct expenses incurred by each division.

j) Cash Equivalents:

For purposes of the statement of cash flows, C-BARC considers all highly liquid investments purchased with maturities of three months or less to be cash equivalents. All cash on deposit with financial institutions is fully secured through a combination of deposit insurance and collateralization by sufficient U.S. Government securities owned by the institution.

2. Summary of Significant Accounting Policies. (Continued)

k) Compensated Absences:

Annual leave is earned by employees as follows:

<u>Length of Service</u>	<u>Annual Leave Earned</u>
Less than six months	None
From six months to one year	Seven and one-half days
From one to five years	Eighteen days
From five to ten years	Twenty-one days
From ten to twenty years	Twenty-four days
Over twenty years	Twenty-seven days

Generally, no more than five days of unused leave may be carried forward to the next fiscal year.

Sick leave is included in annual leave.

l) Prior Year Financial Information:

The financial information for the year ended June 30, 1998 is presented for comparative purposes, and is not intended to be a complete financial statement presentation.

3. Net Assets.

Net assets include restricted and board-designated amounts and activity, summarized as follows:

	<u>1998</u>	<u>Income</u>	<u>Expenses</u>	<u>Transfers</u>	<u>1999</u>
<u>Permanently Restricted:</u>					
C-Barc Foundation	50,000	-	-	-	50,000
<u>Designated:</u>					
C-Barc Foundation	55,160	5,758	1,005	-	59,913
Client Advocacy	137,069	1,156	7,690	-	130,535
Conly WAC	16,183	-	-	-	16,183
Goldman School	78,149	-	1,036	-	77,113
Residential	37,791	500	-	-	38,291
Adult Services	63,265	27,914	23,618	(20,000)	47,561
Children's Services	1,384	3,293	2,712	-	1,965
Administration	960	-	960	-	-
Totals	<u>439,961</u>	<u>38,621</u>	<u>37,021</u>	<u>(20,000)</u>	<u>421,561</u>

4. Accounts Receivable.

Accounts receivable due the Arc at year end are as follows:

	<u>1999</u>	<u>1998</u>
Contract work	213,922	326,417
State of Louisiana	250,302	304,605
Title XIX	536,267	467,333
Other	31,862	44,141
Total	<u>1,032,353</u>	<u>1,142,496</u>

4. Accounts Receivable. (Continued)

Receivables from contract work arise from credit granted to various businesses located in the Shreveport area. Receivables from the State of Louisiana arise from funds due C-BARC under various grants, and which are unpaid as of the end of the fiscal year.

5. Land, Building and Equipment.

Land, building and equipment is composed of the following:

<u>June 30, 1999</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Book Value</u>
Land	346,488	-	346,488
Buildings	2,332,527	1,224,826	1,107,701
Furniture and equipment	2,208,520	1,216,536	991,984
Vehicles	239,460	144,414	95,046
Improvements	<u>362,497</u>	<u>210,763</u>	<u>151,734</u>
Totals	<u>5,489,492</u>	<u>2,796,539</u>	<u>2,692,953</u>

Construction in progress at June 30, 1998 consisted mainly of work establishing a new computer network and enlargement of the laundry facilities at Frost Industries.

<u>June 30, 1998</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Book Value</u>
Land	346,488	-	346,488
Buildings	2,332,527	1,163,103	1,169,424
Furniture and equipment	1,469,040	1,068,098	400,942
Vehicles	207,423	128,373	79,050
Improvements	323,802	184,269	139,533
Construction in progress	<u>90,886</u>	<u>-</u>	<u>90,886</u>
Totals	<u>4,770,166</u>	<u>2,543,843</u>	<u>2,226,323</u>

6. Commitments.

C-BARC leases many of its vehicles and equipment, generally over one to five year terms, under operating lease arrangements. Future minimum lease payments for the next five years ending June 30 are as follows:

2000	121,948
2001	88,986
2002	42,457
2003	-
2004	<u>-</u>
Total	<u>253,391</u>

In addition, the ARC is self-insured for employee medical benefits and workman's compensation insurance. Claims may exceed contributions made to pay benefits.

7. Trust Funds.

The Arc is a beneficiary in various testamentary trusts. The terms of these trusts stipulate that the trust assets be invested in perpetuity, and that the annual income only be distributed to the beneficiaries. The Arc received approximately \$21,000 in distributions from these trusts during the fiscal year.

8. Other Employee Expenses.

The Arc participates in a profit sharing plan, which is available to all employees who have attained age 18 and have completed one year of service. The plan provides for no vesting until after two years of participation, at which time the employee is fully vested. All contributions by the employer are discretionary; employees may, but are not required to, contribute. Other employee expenses for the year ended June 30, 1999, include contributions to the profit sharing plan in the approximate amount of \$199,000.

9. Investments.

Investments at June 30, 1999 and 1998, are summarized as follows:

<u>June 30, 1999</u>	<u>Cost</u>	<u>Approximate Market Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
<u>Unrestricted and undesignated:</u>			
Mutual funds	2,200,394	2,543,046	342,652
Corporate bonds	482,685	479,934	(2,751)
Money funds	<u>70,090</u>	<u>70,090</u>	<u>-</u>
	<u>2,753,169</u>	<u>3,093,070</u>	<u>339,901</u>
 <u>June 30, 1998</u>			
<u>Unrestricted and undesignated:</u>			
Mutual funds	1,803,298	2,001,827	198,529
Corporate bonds	591,866	595,343	3,477
U. S. Government Agency bonds	50,124	49,953	(171)
Money funds	<u>139,798</u>	<u>139,798</u>	<u>-</u>
	<u>2,585,086</u>	<u>2,786,921</u>	<u>201,835</u>

Investment income for 1999 and 1998 consists of the following:

	<u>1999</u>	<u>1998</u>
Interest and dividends	123,068	156,456
Net realized gains	65,791	106,416
Net unrealized gains	<u>138,066</u>	<u>160,430</u>
Total	<u>326,925</u>	<u>423,302</u>

SUPPLEMENTARY INFORMATION

September 16, 1999

The Board of Directors
C-BARC, The Arc of Caddo-Bossier
Shreveport, Louisiana

Independent Auditor's Report on Supplementary Information

We have audited the consolidated financial statements of C-BARC, The Arc of Caddo-Bossier as of and for the year ended June 30, 1999, and have issued our report thereon dated September 16, 1999. These consolidated financial statements are the responsibility of the management of C-BARC, The Arc of Caddo-Bossier. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

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 consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was made for the purpose of forming an opinion on the consolidated financial statements of C-BARC, The Arc of Caddo-Bossier taken as a whole. The supplementary information on Page 12, and the schedule of federal awards on Page 13, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, in our opinion, is fairly presented in all material respects in relation to the consolidated financial statements taken as a whole.

Heard, McElroy & Vestal, LLP

C-BARC, THE ARC OF CADDO-BOSSIER

CONSOLIDATED CHANGE IN NET ASSETS BY DIVISION

FOR THE YEAR ENDED JUNE 30, 1999

	<u>Adult Services</u>	<u>Children Services</u>
<u>Public support and revenue:</u>		
<u>Public support:</u>		
State of Louisiana	1,572,413	1,047,043
Title XIX	201,836	48,085
United Way	-	100,640
Contributions	-	3,292
Service fees	89,356	92,554
Client services	-	-
Other public support	<u>51,638</u>	<u>25,460</u>
Total public support	1,915,243	1,317,074
<u>Revenue:</u>		
Sales revenue	1,779,495	15,532
Membership dues	-	-
Investment income	-	-
Other income	<u>-</u>	<u>1,157</u>
Total revenue	1,779,495	16,689
Total public support and revenue	3,694,738	1,333,763
Total salaries and payroll related expenses	2,700,382	1,082,015
Total other expenses before depreciation	<u>968,050</u>	<u>292,191</u>
Total expenses before depreciation	3,668,432	1,374,206
Depreciation expense	<u>120,263</u>	<u>9,794</u>
Total expenses	3,788,695	1,384,000
Change in net assets	<u>(93,957)</u>	<u>(50,237)</u>

<u>Residential Services</u>	<u>Management and General</u>	<u>Total</u>
259,383	-	2,878,839
4,925,157	-	5,175,078
-	-	100,640
500	46,858	50,650
-	-	181,910
23,615	-	23,615
-	-	77,098
<u>5,208,655</u>	<u>46,858</u>	<u>8,487,830</u>
-	503	1,795,530
-	8,670	8,670
-	326,925	326,925
<u>60</u>	<u>4,455</u>	<u>5,672</u>
<u>60</u>	<u>340,553</u>	<u>2,136,797</u>
5,208,715	387,411	10,624,627
3,539,606	799,741	8,121,744
<u>1,312,587</u>	<u>(323,623)</u>	<u>2,249,205</u>
4,852,193	476,118	10,370,949
<u>65,321</u>	<u>65,373</u>	<u>260,751</u>
<u>4,917,514</u>	<u>541,491</u>	<u>10,631,700</u>
<u>291,201</u>	<u>(154,080)</u>	<u>(7,073)</u>

C-BARC, THE ARC OF CADDO-BOSSIER

SCHEDULE OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 1999

<u>Federal Grantor/Pass-Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Program or Award Amount</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>
<u>U.S. Department of Education</u> Passed through Louisiana Department of Education: Part H Program for Infants and Toddlers with Disabilities	84.181	323,147	323,147	323,147
Passed through Louisiana Department of Social Services: Equipment and Employment Initiative	84.126	384,164	<u>116,925</u>	<u>116,935</u>
Total Federal Awards			<u>440,082</u>	<u>440,082</u>

OTHER REPORTS

September 16, 1999

The Board of Directors
C-BARC, The Arc of Caddo-Bossier
Shreveport, Louisiana

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

We have audited the consolidated financial statements of C-BARC, The Arc of Caddo-Bossier 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 the consolidated financial statements of C-BARC, The Arc of Caddo-Bossier 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 consolidated 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 internal control over financial reporting of C-BARC, The Arc of Caddo-Bossier in order to determine our auditing procedures for the purpose of expressing our opinion on the consolidated financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. 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 Association's ability to record, process, summarize and report financial data consistent with the assertions of management in the consolidated financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 99-1 through 99-2.

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 none of the reportable conditions described above is a material weakness.

This report is intended solely for the information and use of management, the board of directors, and the State of Louisiana, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Heard, McElroy & Vestal, LLP

September 16, 1999

The Board of Directors
C-BARC, The Arc of Caddo-Bossier
Shreveport, Louisiana

Report on Compliance with Requirements Applicable to Each
Major Program and Internal Control Over Compliance in
Accordance with OMB Circular A-133

Compliance

We have audited the compliance of C-BARC, The Arc of Caddo-Bossier with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 1999. The Arc's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Arc's management. Our responsibility is to express an opinion on the Arc's compliance based on our audit.

We conducted our audit of compliance 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Arc's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Arc's compliance with those requirements.

In our opinion, C-BARC, The Arc of Caddo-Bossier complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 1999.

Internal Control Over Compliance

The management of C-BARC, The Arc of Caddo-Bossier is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Arc's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control 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 noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, others within the organization, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Heard, McElroy + Vestal, LLP

C-BARC, THE ARC OF CADDO-BOSSIER

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 1999

A. Summary of Audit Results

1. The auditor's report expresses an unqualified opinion on the financial statements of C-BARC, The Arc of Caddo-Bossier.
2. No material weaknesses relating to the audit of the financial statements are reported; reportable conditions are reported.
3. No instances of noncompliance material to the financial statements of C-BARC, The Arc of Caddo-Bossier were disclosed during the audit.
4. No reportable conditions relating to the audit of major federal award programs are reported.
5. The auditor's report on compliance for major federal award programs for C-BARC, The Arc of Caddo-Bossier expresses an unqualified opinion.
6. There are no audit findings relative to major federal award programs for C-BARC, The Arc of Caddo-Bossier.
7. The programs tested as major programs included:

<u>Program</u>	<u>CFDA No.</u>
Part H Program for Infants and Toddlers with Disabilities	84.181

8. The threshold for distinguishing Types A and B programs was \$300,000.
9. C-BARC, The Arc of Caddo-Bossier was determined to not be a low-risk auditee.

B. Findings - Financial Statement Audit

Questioned
Cost

Finding 99-1

Testing of 53 cash receipts of the Association indicates the following deposit lag times which appear excessive:

1 receipt	6 days
3 receipts	7 days
10 receipts	15 days or more

B. Findings - Financial Statement Audit (Continued)

Questioned
Cost

We suggest that management establish a policy requiring that all cash received by the Association be deposited within four business days.

-

Finding 99-2

Our testing of documentary support indicated some isolated instances of lack of complete invoice support, and lack of documentation of the business purpose of the expenses. We strongly encourage that the Association require all employees to fully document their business expenses and related business purpose at the time such expenses are submitted for approval.

1,984

C. Findings and Questioned Costs - Major Federal Award Programs

None

C-BARC, THE ARC OF CADDO-BOSSIER

SCHEDULE OF PRIOR YEAR FINDINGS

YEAR ENDED JUNE 30, 1999

There were no findings as a result of the prior year's audit.

C-BARC, THE ARC OF CADDO-BOSSIER
MANAGEMENT'S CORRECTIVE ACTION PLAN
FOR CURRENT YEAR FINDINGS
YEAR ENDED JUNE 30, 1999

Finding 99-1 - We concur with this finding, and will take the steps necessary to ensure that cash receipts are deposited within four business days.

Finding 99-2 - We concur with this finding, and will require that all business expense reimbursements be fully documented.