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WINN PARISH ASSOCIATION FOR RETARDED CITIZENS, INC.
Winnfield, Louisiana

Financial Statements and Auditor's Reports

June 30, 1999
and for the Year Then Ended

(With Comparative Figures for 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 11-3-99

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Certified Public Accountant

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To the Board of Directors
Winn Parish Association for Retarded Citizens, Inc.
Winnfield, Louisiana

I have audited the financial statements of the Winn Parish Association for Retarded Citizens, Inc., (Winn ARC), as of June 30, 1999 and for the year then ended, and have issued my reports dated October 7, 1999. As a part of my examination, I made a study and evaluation of the Association's system of internal accounting control to the extent I considered necessary to evaluate the system as required by generally accepted auditing standards. Under these standards, the purposes of such evaluation are to establish a basis for reliance on the system of internal accounting control in determining the nature, timing, and extent of other auditing procedures that are necessary for expressing an opinion on the financial statements and to assist the auditor in planning and performing his examination of the financial statements. My study was more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole.

The management of the Association is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and costs of control procedures. The objectives of a system 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 system of internal accounting control, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

My study and evaluation made for the limited purposes described in the first paragraph would not necessarily disclose all material weaknesses in the system.

To the Board of Directors
Winn Parish Association for Retarded Citizens, Inc.
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Accordingly, I do not express an opinion on the system of internal accounting control of the Association taken in as a whole. However, my study and evaluation disclosed no condition that I believed to be a material weakness.

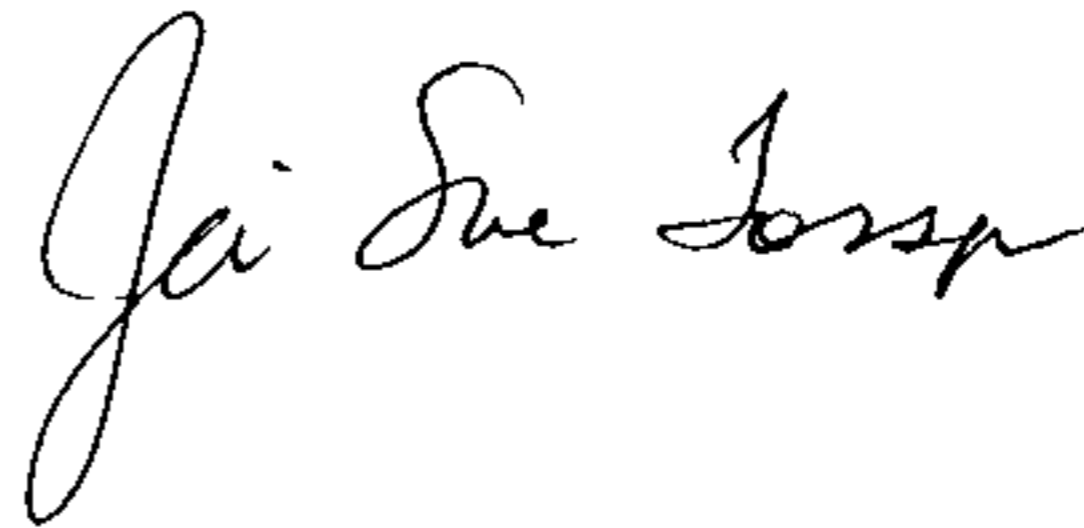
My comments on specific financial and accounting matters and recommendations developed during my examination, which do not represent material weaknesses, are detailed below.

Current Year Findings - NONE

This report is intended for the use of the Association management and others within the organization.

I thank all the personnel at the Association for their cooperation during my examination.

Ferriday, Louisiana
October 7, 1999

A handwritten signature in cursive script that reads "Jai Sue Jossy". The signature is written in black ink and is positioned to the right of the typed text.

PRIOR YEAR FINDINGS

FINDING: It was noted that there were three instances of borrowing by the Workshop from the Director of the Association. There was no interest charged and amounts borrowed were repaid promptly. In order to maintain objectivity and separation, there should be no borrowing from any employee or related party.

MANAGEMENT RESPONSE: Such borrowing will not be done in the future.

DISPOSITION: No instances of borrowing from the Director or any other employee of the Association was noted in testing done this year.

FINDING: It was noted that there was one instance of a payroll advance given to an employee of the Sheltered Workshop. This was **not** done with state funds, however, this practice needs to be discontinued.

MANAGEMENT RESPONSE: Such advances will not be done in the future.

DISPOSITION: No employee advances were noted in the testing done this year.

FINDING: It was noted that there was no mention in the minutes of approval for bank loans and other loans made during the year. Borrowings of this nature need to be approved by the Board of Directors.

MANAGEMENT RESPONSE: Reviews of later minutes include notation of Board of Director approval for borrowing.

DISPOSITION: Approval for all borrowings during the current year was noted in the minutes of the Board of Directors.

WINN PARISH ASSOCIATION FOR RETARDED CITIZENS, INC.
Winnfield, Louisiana

Financial Statements and Auditor's Reports

June 30, 1999
and for the Year Then Ended

(With Comparative Figures for June 30, 1998)

WINN PARISH ASSOCIATION FOR RETARDED CITIZENS, INC.

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SECTION I
FINANCIAL STATEMENTS
REPORT ON FINANCIAL STATEMENTS

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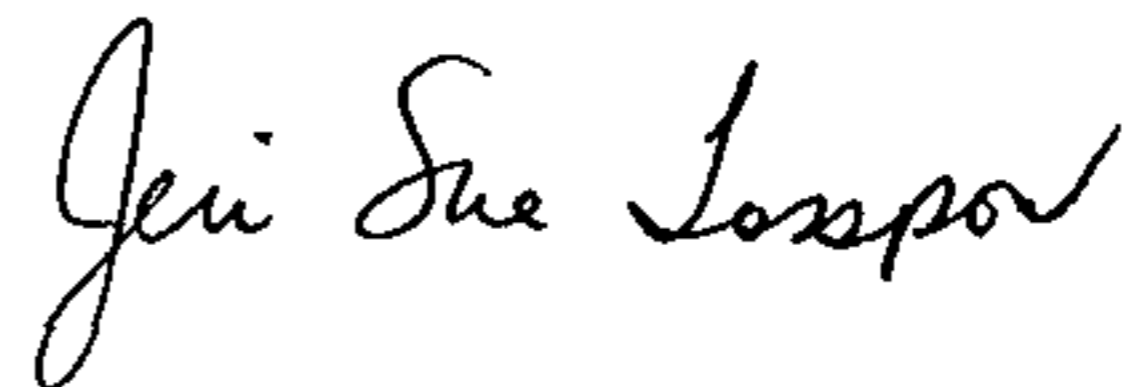
INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Winn Parish Association for Retarded Citizens, Inc.
Winnfield, Louisiana

I have audited the accompanying financial statements of the Winn Parish Association for Retarded Citizens, Inc., (Winn ARC) as of June 30, 1999, and for the year then ended. These financial statements are the responsibility of Winn ARC's management. 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 statements 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 Winn ARC, as of June 30, 1999, and the results of its operations and the changes in financial position for the year then ended in conformity with generally accepted accounting principles.



Ferriday, Louisiana
October 7, 1999

WINN PARISH ASSOCIATION FOR RETARDED CITIZENS, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 1999
(With Comparative Totals at June 30, 1998)

	Adult Habilitation	Sheltered Workshop	June 30,	
			1999 Total	1998 Total
ASSETS				
Cash on hand and in banks	\$ 27,011	\$ 2,236	\$ 29,247	\$ 12,802
Accounts receivable (Note 4)	29,364	2,733	32,097	8,638
Interfund loans	33,655		33,655	11,082
Utility deposits	148		148	148
Fixed assets (Net) (Note 5)	30,286	4,106	34,392	46,981
Total Assets	\$ 120,464	\$ 9,075	\$ 129,539	\$ 79,651
 LIABILITIES AND NET ASSETS				
Liabilities				
Accounts payable	\$ 1,475	\$ 95	\$ 1,570	\$ 2,545
Compensation payable		794	794	2,622
Accrued payroll taxes	1,670	1,038	2,708	3,747
Interfund loans		33,655	33,655	11,082
Notes payable (Note 6)	6,081		6,081	10,419
Total Liabilities	\$ 9,226	\$ 35,582	\$ 44,808	\$ 30,415
Net Assets				
Unrestricted	\$ 82,010	\$ (26,507)	\$ 55,503	\$ 20,008
Temporarily restricted (Note 3)	29,228		29,228	29,228
Total Net Assets	\$ 111,238	\$ (26,507)	\$ 84,731	\$ 49,236
Total Liabilities and Net Assets	\$ 120,464	\$ 9,075	\$ 129,539	\$ 79,651

See accompanying notes to financial statements.

WINN PARISH ASSOCIATION FOR RETARDED CITIZENS, INC.
STATEMENT OF ACTIVITY AND FUND BALANCES
YEAR ENDED JUNE 30, 1999
(With Comparative Totals for the Year Ended June 30, 1998)

	Adult Habilitation	Sheltered Workshop	Year Ended June 30,	
			1999 Total	1998 Total
SUPPORT AND OTHER REVENUE				
State contracts	\$ 187,059		\$ 187,059	\$ 137,248
Contract work		\$ 101,885	101,885	101,445
Contributions and grants		1,664	1,664	26,181
Other	3,595	842	4,437	1,473
Interest	937		937	76
Total Support and Other Revenue	\$ 191,591	\$ 104,391	\$ 295,982	\$ 266,423
NET ASSETS RELEASED FROM RESTRICTIONS				
Federal Transit Administration Section 16 Depreciation on restricted vans	\$ 13,500	\$	\$ 13,500	\$ 13,500
Total Support, Other Revenue and Release of Net Assets	\$ 205,091	\$ 104,391	\$ 309,482	\$ 279,923
EXPENSES (Note 7)				
Salaries and client wages	\$ 59,119	87,611	\$ 146,730	\$ 163,411
Payroll taxes	19,303	16,507	35,810	15,219
Telephone	3,250		3,250	2,223
Postage	64		64	58
Insurance	8,291		8,291	7,583
Transportation	2,195	656	2,851	8,181
In-service		430	430	145
Office supply	1,296		1,296	1,212
Utilities	3,535	800	4,335	6,384
Rent	9,600		9,600	9,600
Maintenance and cleaning	771	411	1,182	946
Workman's compensation	1,023	6,491	7,514	4,791
Depreciation	18,370	1,595	19,965	18,958
Interest	1,591		1,591	1,252
Supplies	532	13,913	14,445	17,085
Audit	2,500		2,500	5,650
Licenses	248		248	565
Other	303	81	384	821
Total Expenses	\$ 131,991	\$ 128,495	\$ 260,486	\$ 264,084
Increase (Decrease) in Unrestricted Net Assets	\$ 73,100	\$ (24,104)	\$ 48,996	\$ 15,839
Temporarily Restricted Net Assets				
Federal Transit Administration Section 16 Current year depreciation	(13,500)		(13,500)	(13,500)
Net Increase (Decrease) in Net Assets	\$ 59,600	\$ (24,104)	\$ 35,496	\$ 2,339
Net Assets, Beginning of Year	51,638	(2,403)	49,235	46,896
Net Assets, End of Year	\$ 111,238	\$ (26,507)	\$ 84,731	\$ 49,235

See accompanying notes to financial statements.

WINN PARISH ASSOCIATION FOR RETARDED CITIZENS, INC.
COMBINED STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 1999
(With Comparative Totals for the Year Ended June 30, 1998)

	Year Ended June 30,	
	1999	1998
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 35,495	\$ 2,339
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation	19,965	18,958
(Increase) decrease in:		
Accounts receivable	(23,459)	9,786
Prepaid expenses		
Deposits		
Accounts payable	(975)	(53)
Compensation payable	(1,828)	(152)
Payroll taxes payable	(1,039)	612
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 28,159	\$ 31,490
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	\$ (7,376)	\$ (27,600)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	\$ (7,376)	\$ (27,600)
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings	\$ 18,500	\$ 5,025
Reduction of debt	(22,838)	(6,016)
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	\$ (4,338)	\$ (991)
NET INCREASE (DECREASE) IN CASH	\$ 16,445	\$ 2,899
CASH AT BEGINNING OF YEAR	12,802	9,903
CASH AT END OF YEAR	\$ 29,247	\$ 12,802

Supplementary Information:

Interest paid	\$ 1,591	\$ 1,252
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See accompanying notes to financial statements.

WINN PARISH ASSOCIATION FOR RETARDED CITIZENS, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 1999

NOTE 1 - WINN PARISH ASSOCIATION FOR RETARDED CITIZENS, INC.

WINN PARISH ASSOCIATION FOR RETARDED CITIZENS, Inc., (WARC) was organized in 1981 to promote the general welfare of the mentally retarded, to encourage research related to mental retardation, to advise and aid parents in the solution of their problems, to develop a better understanding of the problems of mental retardation by the public, to cooperate with all agencies and professional groups in the furtherance of these ends, to associate with and support financially the State and National Associations to promote the common cause, to serve locally as a clearinghouse for gathering and providing information regarding the mentally retarded and to solicit and receive funds for the accomplishment of the stated purposes.

The Association operates two separate divisions. One, the Adult Habilitation Program, receives funding from the State of Louisiana, Department of Health and Hospitals and the Office for Citizens with Developmental Disabilities (OCDD) to provide adult day services for a minimum of 17 clients. The other division is the Winn Parish Sheltered Workshop. The Workshop is totally self-supporting. Income of the Workshop consists of revenues earned through contracts with private individuals and companies for the provision of services performed by clients of the Workshop. No federal financial assistance of any type was received by the Winn Parish Sheltered Workshop.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Promises to Give

Contributions are recognized when the donor makes a promise to give to the Association 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 reported as increases in temporary 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.

B. 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 such estimates.

C. Financial Statement Presentation

In 1995, the Association elected to adopt Statement of Financial Accounting Standards (SFAS) No. 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. In addition, the Association is required to present a statement of cash flows.

D. Contributions

The Association also elected, in 1995, to adopt 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 restrictions.

E. Income Tax Status

WARC qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, therefore, has no provision for income taxes.

NOTE 3 - RESTRICTIONS ON ASSETS

Restrictions on assets at June 30, 1999 relate to two vans obtained by the Association through a Section 16(b)(2) grant through the Urban Mass Transit Act and the Louisiana Department of Transportation (DOTD). This program provides capital grants for the specific purpose of assistance in providing transportation services to meet the special needs of elderly and handicapped persons for whom mass transportation services are unavailable, insufficient or inappropriate. The vans, obtained with these funds, must be used for transportation services to the elderly and handicapped within the Association's service area. The DOTD must be immediately notified if the equipment is not used in the aforementioned manner or if it is withdrawn from service. Disposition of the vehicles must have DOTD approval and must be in conformance with the provisions of OMB Circular A-102, Attachment N. Dispositions must be a current market value and a portion of the funds received must be returned in proportion to the original percentage of Federal funds contributed.

It is the policy of the Association to amortize the asset restriction over its estimated useful life using the straight-line method.

NOTE 4 - RECEIVABLES

The Association entered into a contract on April 14, 1999 with the State of Louisiana, Department of Health and Hospitals, OCDD, to provide habilitation programming to a minimum of 17 clients for the period July 1, 1998 to June

30, 1999. At the end of each month, a payment requisition is forwarded to the Region VI office at Pinecrest State School requesting payment for services provided to clients during the month just ended.

The Association also has entered into several contractual agreements to provide grounds keeping services, janitorial services and other contract labor to various local businesses.

Receivables at June 30, 1999 consist of the following:

State of Louisiana, OCDD	\$29,364
Employment Development Services, Inc.	951
Plum Creek Industries	<u>1,782</u>
Total	<u>\$32,097</u>

NOTE 5 - FIXED ASSETS AND DEPRECIATION

Fixed assets consist of plant and equipment stated at historical cost. Ownership of all fixed assets in the general fund of WARC would revert to the Department of Health and Hospitals, OCDD, if WARC were to cease to function. Depreciation is provided on a straight-line basis over various lives recommended by the OCDD as listed below:

Furniture and fixtures	7 - 10 years
Automobiles	5 years
Machinery and equipment	5 - 7 years
Leasehold improvements	10 years

A summary of fixed assets and the related depreciation is presented below:

	Balance June 30, 1998	Additions	Retirements	Balance June 30, 1999
Adult Habilitation	\$103,912	\$ 2,873		\$106,785
Sheltered Workshop	<u>3,471</u>	<u>4,503</u>		<u>7,974</u>
	\$107,383	\$ 7,376		\$114,760
Less Accumulated Depreciation	<u>60,402</u>	<u>19,965</u>		<u>80,367</u>
	<u>\$ 46,981</u>	<u>(\$12,589)</u>		<u>\$ 34,392</u>

NOTE 6 - NOTES PAYABLE

Notes payable consist of the following:

Bank of Winnfield, unsecured obligation for the Ford F150 truck, bearing interest at 9.25%, payments of \$301 per month	<u>\$ 6,081</u>
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The future scheduled maturities of long-term debt are as follows:

Years ended June 30,	
2000	3,177
2001	<u>2,904</u>
	<u>\$ 6,081</u>

NOTE 7 - EXPENDITURES

The Winn Parish Association for Retarded Citizens, Inc. entered into a contract with the State of Louisiana, Department of Health and Hospitals, Office for Citizens with Developmental Disabilities to provide adult habilitation services. Expenditures in the general fund were made in accordance with the specifications listed by the Office for Citizens with Developmental Disabilities in their *Guidelines for Allowable Costs - Adult Day Services for Persons with Developmental Disabilities*.

NOTE 8 - PENSION PLAN

WARC does not have a retirement plan for its employees other than that provided by the Social Security System.

NOTE 9- LITIGATION

WARC is not involved in any litigation as of June 30, 1999.

NOTE 10 - YEAR 2000 COMPLIANCE

WARC estimates the cost of programming to become Year 2000 compliant will be negligible.

NOTE 11 - DIRECTOR COMPENSATION

No member of the Board of Directors of Winn Parish Association for Retarded Citizens, Inc. received any compensation during this fiscal year.

SECTION II
REPORT ON INTERNAL CONTROL
AND COMPLIANCE

JERI SUE TOSSPON
Certified Public Accountant
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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
Winn Parish Association for Retarded Citizens, Inc.
Winnfield, Louisiana

I have audited the financial statements of Winn Parish Association for Retarded Citizens, Inc., as of June 30, 1999, and for the year then ended, and have issued my report thereon dated October 7, 1999. 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.

Compliance

As part of obtaining reasonable assurance about whether Winn Parish Association for Retarded Citizens, Inc.'s financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contract 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 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*.

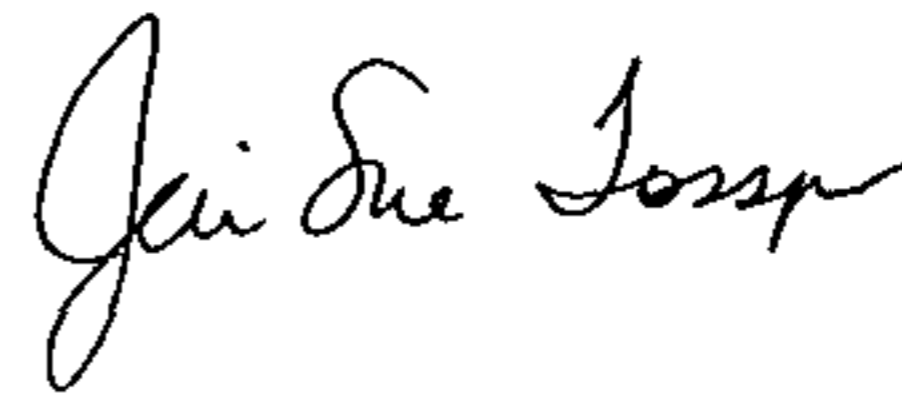
Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements of the Association, I considered its internal control structure 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. My consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses.

To the Board of Directors
Winn Parish Association for Retarded Citizens, Inc.
Page Two

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. I noted no matters involving the internal control structure and its operation that I consider to be material weaknesses as defined above.

This report is intended for the information of management and the Legislative Auditor of the State of Louisiana. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

A handwritten signature in cursive script that reads "Jean Sue Jossop".

Ferriday, Louisiana
October 7, 1999