

99800629
5160

10:30

OFFICIAL
FILE COPY

DO NOT REMOVE

(Xerox necessary
copies from this
copy and PLACE
BACK in FILE)

MINDEN ASSOCIATION FOR RETARDED CITIZENS, INC.

ANNUAL FINANCIAL REPORT

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 FEB 24 1999

MINDEN ASSOCIATION FOR RETARDED CITIZENS, INC.
Annual Financial Report
June 30, 1998

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	1
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <u>GOVERNMENT AUDITING STANDARDS</u>	3
CORRECTIVE ACTION PLAN	5
SUMMARY OF PRIOR YEAR FINDINGS	6
COMBINED FINANCIAL STATEMENTS	
Statement of Financial Position	7
Statement of Activities	8
Statement of Functional Expenses	9
Statement of Cash Flows	10
Notes to Combined Financial Statements	11

JAMIESON, WISE & MARTIN

A PROFESSIONAL ACCOUNTING CORPORATION

601 MAIN STREET P. O. BOX 897
MINDEN, LOUISIANA 71058-0897
(318) 377-3171

FAX (318) 377-3177
E-MAIL JWM@CWIDE.NET

MICHAEL W. WISE, C.P.A.
CARLOS E. MARTIN, C.P.A.
DAVID W. TINSLEY, C.P.A.

KRISTINE J. HARPER, C.P.A.

WM. PEARCE JAMIESON, C.P.A. (1931)

MEMBERS
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Minden Association for Retarded Citizens, Inc.
Minden, Louisiana

We have audited the accompanying statement of financial position of Minden Association for Retarded Citizens, Inc. (a non-profit organization) as of June 30, 1998, and the related statement of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as discussed in the following paragraph, we conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. 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.

Governmental Accounting Standards Board Technical Bulletin 98-1, *Disclosures about Year 2000 Issues*, requires disclosure of certain matters regarding the year 2000 issue. Minden Association for Retarded Citizens, Inc. has included such disclosures in Note 8. Because of the unprecedented nature of the year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Accordingly, insufficient audit evidence exists to support Minden Association for Retarded Citizens, Inc.'s disclosures with respect to the year 2000 issue made in Note 8. Further, we do not provide assurance that Minden Association for Retarded Citizens, Inc. is or will be year 2000 ready, that Minden Association for Retarded Citizens, Inc.'s year 2000 remediation efforts will be successful in whole or in part, or that parties with which Minden Association for Retarded Citizens, Inc. does business will be year 2000 ready.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to examine evidence regarding year 2000 disclosures, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Minden Association for Retarded Citizens, Inc. as of June 30, 1998, 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, we have also issued a report dated December 9, 1998, on our consideration of Minden Association for Retarded Citizens, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

Jamieson, Wise & Martin

Minden, Louisiana
December 9, 1998

JAMIESON, WISE & MARTIN

A PROFESSIONAL ACCOUNTING CORPORATION

601 MAIN STREET P. O. BOX 897

MINDEN, LOUISIANA 71058-0897

(318) 377-3171

FAX (318) 377-3177

E-MAIL JWM@CWIDE.NET

MICHAEL W. WISE, C.P.A.

CARLOS E. MARTIN, C.P.A.

DAVID W. TINSLEY, C.P.A.

KRISTINE J. HARPER, C.P.A.

WM. PEARCE JAMIESON, C.P.A. (1991)

MEMBERS

AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

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

The Board of Directors
Minden Association for Retarded Citizens, Inc.
Minden, Louisiana

We have audited the financial statements of Minden Association for Retarded Citizens, Inc. as of and for the year ended June 30, 1998, and have issued our report thereon dated December 9, 1998, which was qualified because insufficient audit evidence exists to support Minden Association for Retarded Citizens, Inc.'s disclosures with respect to the year 2000 issue. Except as discussed in the preceding sentence, 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 Minden Association for 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 Minden Association for 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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting 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 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. We noted no matters involving the internal control

over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of management, the Board of Directors, and the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

Jamieson, Wise & Martin

Minden, Louisiana
December 9, 1998

MINDEN ASSOCIATION FOR RETARDED CITIZENS, INC.

CORRECTIVE ACTION PLAN

June 30, 1998

During the audit of the financial statements of Minden Association for Retarded Citizens, Inc. as of and for the year ended June 30, 1998, no findings were noted that are required to be reported in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States.

MINDEN ASSOCIATION FOR RETARDED CITIZENS, INC.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

June 30, 1998

Prior year audit findings for the year ended June 30, 1997 were as follows:

Management letter dated December 19, 1997

Finding: Noted two instances of incorrect calculation of monthly billing for the Pre-Vocational Rehabilitation Program.

Recommendation: A recommendation was made that the Association check billings against monthly time reports.

Current Status: During the year ended June 30, 1998, no instances of incorrect billing calculations for the Pre-Vocational Rehabilitation Program were noted.

MINDEN ASSOCIATION FOR RETARDED CITIZENS, INC.
STATEMENT OF FINANCIAL POSITION
June 30, 1998

ASSETS

Current assets:

Cash in banks	\$ 62,775
Certificates of deposit	103,306
Accounts receivable	21,230
Prepaid expenses	<u>3,225</u>
Total current assets	<u>190,536</u>

Fixed assets:

Leasehold improvements	27,744
Equipment	<u>81,457</u>
	109,201
Less: accumulated depreciation	<u>(70,454)</u>
Total fixed assets	<u>38,747</u>

Total assets	<u>\$ 229,283</u>
--------------	-------------------

LIABILITIES AND NET ASSETS

Current liabilities:

Accounts payable	\$ 2,677
Payroll liabilities	<u>5,982</u>
Total current liabilities	<u>8,659</u>

Net assets:

Unrestricted net assets:	
Operations	181,877
Fixed assets	<u>38,747</u>
Total net assets	<u>220,624</u>

Total liabilities and net assets	<u>\$ 229,283</u>
----------------------------------	-------------------

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

MINDEN ASSOCIATION FOR RETARDED CITIZENS, INC.
STATEMENT OF ACTIVITIES
Year Ended June 30, 1998

PUBLIC SUPPORT AND REVENUE:

Public support -	
Department of Health and Hospitals	\$ 206,173
United Way	7,107
Contributions - general	<u>1,400</u>
Total public support	<u>214,680</u>

Revenue -	
Louisiana Rehabilitation Services - Supported Employment	5,000
State of LA - MR/DD Waiver - Prevocational Rehabilitation	13,176
Other contract services provided	100,987
Membership dues	480
Interest	5,612
Other revenue	<u>27,783</u>
Total revenue	<u>153,038</u>

Total public support and revenue	<u>367,718</u>
----------------------------------	----------------

EXPENSES:

Program services -	
Adult services	<u>338,679</u>
Total program services	<u>338,679</u>

Support services -	
General and administrative	<u>7,231</u>
Total support services	<u>7,231</u>

Total expenses	<u>345,910</u>
----------------	----------------

Change in unrestricted net assets	21,808
-----------------------------------	--------

Unrestricted net assets, beginning of year	<u>198,816</u>
--	----------------

Unrestricted net assets, end of year	<u>\$ 220,624</u>
--------------------------------------	-------------------

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

MINDEN ASSOCIATION FOR RETARDED CITIZENS, INC.
 STATEMENT OF FUNCTIONAL EXPENSES
 Year Ended June 30, 1998

	<u>Adult Services</u>
Salaries	\$ 196,180
Payroll taxes	<u>10,598</u>
Total salaries and payroll expense	<u>206,778</u>
Professional services	18,340
Insurance	12,535
Affiliation dues	1,745
Licenses	314
Office supplies	1,690
Vehicle gas, oil and repairs	16,323
Postage	288
Training materials	5
Telephone	1,405
Supplies	2,939
Building and grounds maintenance and repair	4,867
Utilities	10,245
Vehicle lease	10,146
Building lease	18,000
Food	3,087
Outside services	1,696
Miscellaneous	<u>16,147</u>
Total other expenses before depreciation	<u>119,772</u>
Depreciation	<u>12,129</u>
Total expenses	<u>\$ 338,679</u>

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

MINDEN ASSOCIATION FOR RETARDED CITIZENS, INC.
 STATEMENT OF CASH FLOWS
 For the Year Ended June 30, 1998

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 21,808
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	12,129
Gain on disposal of equipment	(77)
Increase in accounts receivable	(5,516)
Increase in prepaid expenses	(50)
Increase in accounts payable	544
Decrease in salaries payable	(3,032)
Increase in accrued payroll expense	<u>1,614</u>
Net cash provided by operating activities	<u>27,420</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds on sale of equipment	325
Purchase of equipment	<u>(2,525)</u>
Net cash used by investing activities	<u>(2,200)</u>
Net increase in cash and cash equivalents	25,220
Cash and cash equivalents - June 30, 1997	<u>140,861</u>
Cash and cash equivalents - June 30, 1998	<u>\$ 166,081</u>

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

MINDEN ASSOCIATION FOR RETARDED CITIZENS, INC.
Notes to Combined Financial Statements
June 30, 1998

1. Nature of Activities and Significant Accounting Policies

Nature of Activities

Minden Association for Retarded Citizens, Inc. 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) Louisiana Department of Health and Hospitals
- b) United Way
- c) Contributions from the general public
- d) Contract work by the retarded clients for various types of companies
- e) Louisiana Rehabilitation Services - Supported Employment on a fee-for-service basis to support work crews consisting of the Association's retarded clients.
- f) State of LA - MR/DD Waiver on a fee-for-service basis to provide Prevocational Rehabilitation to clients.

The Association provides education, training, work opportunities, supported employment, and prevocational rehabilitation to mentally retarded adults.

Financial Statement Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations". Under SFAS No. 117, Minden Association for Retarded Citizens, Inc. 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.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Leasehold Improvements and Equipment

Land, building and equipment are stated at cost less accumulated depreciation. The Association follows the practice of capitalizing, at cost, all expenditures for fixed assets in excess of \$300.

MINDEN ASSOCIATION FOR RETARDED CITIZENS, INC.
Notes to Combined Financial Statements
June 30, 1998

Leasehold Improvements and Equipment (continued)

All depreciable assets are depreciated under the straight-line method over their estimated useful lives as follows:

<u>Assets</u>	<u>Estimated Life</u>
Vehicles	5 years
Furniture and equipment	5-10 years
Leasehold improvements	15 years

Contributions

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. Contributions are recognized when the donor makes a promise to give to the Association that is, in substance, unconditional. Contributions are considered available for unrestricted use, unless specifically restricted by the donor. No significant restrictions were placed on contributions by donors for the year ended June 30, 1998. Donated materials and equipment are recorded as support at their estimated fair values. No amounts are reflected in the statements for donated services, as the value of such services meeting the requirements for recognition was not material to the financial statements.

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.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Association considers cash, cash in banks, and certificates of deposit to be cash equivalents.

2. Accounts receivable

Accounts receivable of \$21,230 due the Association at June 30, 1998, consists of \$13,346 remaining from the Department of Health and Hospitals on their contract with the Association for the year ended June 30, 1998 and receivables on private contracts of \$7,884.

MINDEN ASSOCIATION FOR RETARDED CITIZENS, INC.
Notes to Combined Financial Statements
June 30, 1998

3. Leasehold improvements and equipment

Leasehold improvements and equipment at June 30, 1998, are composed of the following:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Book Value</u>
Leasehold improvements	\$ 27,744	9,869	17,875
Furniture and equipment	<u>81,457</u>	<u>60,585</u>	<u>20,872</u>
Totals	<u>\$109,201</u>	<u>70,454</u>	<u>38,747</u>

4. Classification of public support and revenue

The major classifications of public support and revenue are disclosed in the Statement of Activities.

5. Significant reliance on major sources of revenue and support

For the year ended June 30, 1998, approximately \$72,368 of revenue received for services provided by the clients came from oral contracts with five local companies. There are no written contracts with these companies, and there is no assurance that such work will continue to be contracted with Minden Association for Retarded Citizens, Inc.

For the year ended June 30, 1998, the Association received the majority of its public support from a grant in the amount of \$206,173 from the Louisiana Department of Health and Hospitals.

6. Related party transactions

The Association leases the building that it occupies from a corporation in which the President of the Association is a 15.277% investor. The Association paid \$18,000 in building lease payments for the year ended June 30, 1998.

7. Leases

The Association leases one vehicle under a closed-end lease of three years. The facilities are leased under an open-end leasing arrangement at \$1,500 per month. All arrangements are

MINDEN ASSOCIATION FOR RETARDED CITIZENS, INC.
Notes to Combined Financial Statements
June 30, 1998

7. Leases (continued)

considered operating leases. Future minimum lease payments on the vehicle are as follows:

Year Ended	
<u>June 30,</u>	
2000	<u>\$6,764</u>

8. Year 2000 issue

Year 2000 is an issue arising from computers being programmed in prior years to use only two digits (under the assumption that the first two digits would always be 19) to identify the year when processing date-sensitive information. This method of identifying dates could cause problems when processing information with dates in the year 2000 or later. As a result, the systems that use only two digits to identify dates could process data incorrectly or stop functioning altogether. The effects of the year 2000 problem is expected to extend beyond systems that produce financial information. It encompasses all computer systems and any equipment that is dependent on microchip technology.

As stated in Note 1, the Association provides education, training, work opportunities, supported employment, and prevocational rehabilitation to mentally retarded adults. The execution of these services generally does not rely directly upon microchip technology since these services are not automated in nature. However, the effect of the year 2000 issue upon the Association's vendors, donors, grantors, and entities to which it provides services has not been determined. As a result the effect of any of these entities' non-compliance with the year 2000 upon the Association has also not been determined. Also, Minden Association for Retarded Citizens, Inc.'s system for preparing financial statements does rely on computerized technology. Financial information is prepared through the use of a vendor accounting software which has been updated for year 2000 compatibility.

For the year ended June 30, 1998, Minden Association for Retarded Citizens, Inc. incurred no material remediation costs concerning the year 2000 issue. No significant loss due to impairment of equipment that is not year 2000 compliant was recognized for the year ended June 30, 1998.