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MINDEN ASSOCIATION FOR RETARDED CITIZENS, INC.

ANNUAL FINANCIAL REPORT

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 JAN 12 2000

MINDEN ASSOCIATION FOR RETARDED CITIZENS, INC.  
Annual Financial Report  
June 30, 1999

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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, 1999, 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.

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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Minden Association for Retarded Citizens, Inc. as of June 30, 1999, and the changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated December 15, 1999, 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.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The information listed as other supplementary information in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of Minden Association for Retarded Citizens, Inc. Such information, except for that portion marked "unaudited" on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the general purpose financial statements; and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

The Year 2000 Supplementary Information on page 14 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and do not express an opinion on it. In addition, we do not provide assurance that Minden Association for Retarded Citizens, Inc. is or will become year 2000 compliant, that the organization's remediation efforts will be successful in whole or in part, or that parties with which the organization conducts business are or will become year 2000 compliant.

*Jamieson, Wise & Martin*

Minden, Louisiana  
December 15, 1999

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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

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, 1999, and have issued our report thereon dated December 15, 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 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 solely for the information and use of management, the Board of Directors, Department of Health and Hospitals, and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties.

*Jamieson, Wise & Martin*

Minden, Louisiana  
December 15, 1999

GENERAL PURPOSE FINANCIAL STATEMENTS



MINDEN ASSOCIATION FOR RETARDED CITIZENS, INC.  
STATEMENT OF FINANCIAL POSITION  
June 30, 1999

ASSETS

Current assets:

Cash in banks	\$ 73,283
Certificates of deposit	70,114
Accounts receivable	25,159
Prepaid expenses	<u>2,216</u>

Total current assets 170,772

Fixed Assets:

Leaschold improvements	27,744
Equipment	<u>120,554</u>

Less: Accumulated depreciation (81,541)

Total fixed assets 66,757

Total assets \$ 237,529

LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts payable	\$ 2,843
Payroll liabilities	<u>5,904</u>

Total current liabilities 8,747

Net Assets:

Unrestricted net assets:

Operations	162,025
Fixed assets	<u>66,757</u>
Total net assets	<u>228,782</u>

Total liabilities and net assets \$ 237,529

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



MINDEN ASSOCIATION FOR RETARDED CITIZENS, INC.  
STATEMENT OF ACTIVITIES  
Year Ended June 30, 1999

PUBLIC SUPPORT AND REVENUE:

Public support:	
Department of Health and Hospitals	\$ 224,158
United Way	7,100
Contributions - general	2,487
Contributions - property	<u>5,100</u>
Total public support	<u>238,845</u>
 Revenue:	
State of LA - MR/DD Waiver - Prevocational Rehabilitation	11,726
Other contract services provided	67,319
Membership dues	415
Interest	5,670
Other revenue	<u>20,821</u>
Total revenue	<u>105,951</u>
 Total public support and revenue	<u>344,796</u>
 EXPENSES:	
Program services - Adult services	<u>329,082</u>
Total program services	<u>329,082</u>
 Support services - General and administrative	<u>7,556</u>
Total suport services	<u>7,556</u>
 Total expenses	<u>336,638</u>
 Change in unrestricted net assets	8,158
 Unrestricted net assets, beginning of year	<u>220,624</u>
 Unrestricted net assets, end of year	<u>\$ 228,782</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, 1999

	<u>Adult Services</u>
Salaries	\$200,237
Payroll taxes	<u>11,423</u>
Total salaries and payroll tax expense	<u>211,660</u>
Professional services	18,000
Insurance	13,680
Affiliation dues	1,631
Licenses	5
Office supplies	2,563
Vehicle gas, oil and repairs	14,670
Postage	301
Training materials	35
Telephone	1,732
Production supplies	6,878
Building and grounds maintenance and repair	3,089
Utilities	6,948
Vehicle lease	6,687
Building lease	18,000
Food	2,353
Outside services	1,436
Miscellaneous	<u>5,072</u>
Total other expenses before depreciation	<u>103,080</u>
Depreciation	<u>14,342</u>
Total program services	<u>\$329,082</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, 1999

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 8,158
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	14,342
Donation of property	(5,100)
Increase in accounts receivable	(3,929)
Decrease in prepaid expenses	1,009
Increase in accounts payable	165
Decrease in accrued payroll expense	<u>(78)</u>
Net cash provided by operating activities	<u>14,567</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of equipment	<u>(37,251)</u>
Net cash used by investing activities	<u>(37,251)</u>
Net increase in cash and cash equivalents	(22,684)
Cash and cash equivalents - June 30, 1998	<u>166,081</u>
Cash and cash equivalents - June 30, 1999	<u><u>\$ 143,397</u></u>

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

MINDEN ASSOCIATION FOR RETARDED CITIZENS, INC.  
Notes to Financial Statements  
June 30, 1999

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) 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 Financial Statements  
June 30, 1999

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, 1999. 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 \$25,159 due the Association at June 30, 1999, consists of \$16,018 remaining from the Department of Health and Hospitals on their contract with the Association, \$1,101 from Louisiana Medicaid Assistance Program, and receivables on private contracts of \$8,040.

MINDEN ASSOCIATION FOR RETARDED CITIZENS, INC.  
Notes to Financial Statements  
June 30, 1999

3. Leasehold improvements and equipment

Leasehold improvements and equipment at June 30, 1999, are composed of the following:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Book Value</u>
Leasehold improvements	\$ 27,744	11,719	16,025
Furniture and equipment	<u>120,554</u>	<u>69,822</u>	<u>50,732</u>
Totals	<u>\$148,298</u>	<u>81,541</u>	<u>66,757</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, 1999, approximately \$36,291 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, 1999, the Association received the majority of its public support from a grant in the amount of \$224,158 from the Louisiana Department of Health and Hospitals.

6. Leases

During the fiscal year ended June 30, 1999, the Association leased one vehicle from IBI Leasing, Inc. under a closed-end lease. On January 28, 1999, Minden Association for Retarded Citizens, Inc. decided to purchase the vehicle. Seven vehicle lease payments were made during the year ended June 30, 1999 in the amount of \$ 5,918.

The facilities are leased under an open-end leasing arrangement at \$1,500 per month. Building lease payments in the amount of \$18,000 were made during the year ended June 30, 1999.

All arrangements are considered operating leases.

SUPPLEMENTAL INFORMATION SCHEDULES



MINDEN ASSOCIATION FOR RETARDED CITIZENS, INC.  
Year 2000 Supplementary Disclosures  
June 30, 1999  
(Unaudited)

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, 1999, 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, 1999.

MINDEN ASSOCIATION FOR RETARDED CITIZENS, INC.  
Schedule of Compensation Paid Board of Directors  
June 30, 1999

The Board of Directors of the Minden Association for Retarded Citizens, Inc. do not receive compensation for their service on the board. The following were members of the Board as of June 30, 1999:

President	Jeanne Martin
Vice-President	Rev. William Bryant
Secretary	Pat Hands
Treasurer	Fred Evans <sup>1</sup>
Members	Michael Cole
	Frances Irving
	Micke Holman
	Henry Hobbs
	Terrie Walker
	Margie Dale
	Nancy Hudnall

<sup>1</sup> During the fiscal year ended June 30, 1999, Fred Evans received total payments of \$2,400 for bookkeeping services performed for Minden Association for Retarded Citizens, Inc.

MINDEN ASSOCIATION FOR RETARDED CITIZENS, INC.  
Summary Schedule of Prior Audit Findings  
June 30, 1999

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.  
Corrective Action Plan for Current Year Audit Findings  
June 30, 1999

During the audit of the financial statements of Minden Association for Retarded Citizens, Inc. as of and for the year ended June 30, 1999, 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.