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P.A.R.C. (PEOPLE ADVOCATING REAL CHOICES)  
(Formerly P.A.R.C. (Parents and Retarded Children))

COMPREHENSIVE FINANCIAL STATEMENTS

June 30, 1996

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 OCT 02 1996

P.A.R.C. (People Advocating Real Choices)  
(Formerly P.A.R.C. (Parents and Retarded Children))

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# Justin J. Scanlan, C.P.A.

CERTIFIED PUBLIC ACCOUNTANT  
4769 ST. ROCH AVE. NEW ORLEANS, LOUISIANA 70122  
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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
P.A.R.C. (People Advocating Real Choices)

I have audited the balance sheet of P.A.R.C. (People Advocating Real Choices) (a non-profit corporation) as of June 30, 1996, and the related statement of revenue and expenses, changes in fund balance, and cash flows for the year then ended. These financial statements are the responsibility of P.A.R.C. (People Advocating Real Choices)'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 statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of P.A.R.C. (People Advocating Real Choices) as of June 30, 1996, and the results of its operations and cash flows for the year then ended in conformity with generally accepted accounting principles.

My audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying financial information listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements of P.A.R.C. (People Advocating Real Choices). Such information has been subjected to the auditing procedures applied in the examination of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with Government Auditing Standards, I have also issued a report dated August 15, 1996 on my consideration of P.A.R.C. (People Advocating Real Choices)'s internal control structure and on its compliance with laws and regulations.

*Justin J. Scanlan, CPA*

New Orleans, Louisiana  
August 15, 1996

**P.A.R.C. (People Advocating Real Choices)**  
**(Formerly P.A.R.C. (Parents and Retarded Children))**

**BALANCE SHEET**

**June 30, 1996**

**ASSETS**

Cash		\$ 48,546
Investment securities (Notes A9 and B)		198,560
Receivables		
Grant (Notes A6 and C)	\$ 6,811	
Other	<u>8,979</u>	15,790
Prepaid expenses		8,603
Land, building and equipment - at cost (Notes A4 and D)		<u>61,150</u>
		<u>\$ 332,649</u>

**LIABILITIES AND FUND BALANCE**

Note payable (Note E)		\$ 6,161
Accounts payable and accrued liabilities		6,744
Fund balance - unrestricted		<u>319,744</u>
		<u>\$ 332,649</u>

The accompanying notes are an integral part of this financial statement.

**P.A.R.C. (People Advocating Real Choices)**  
**(Formerly P.A.R.C. (Parents and Retarded Children))**

**STATEMENT OF REVENUE AND EXPENSES**

**For the year ended June 30, 1996**

**REVENUE**

Grant appropriations (Note F)	\$ 69,782
Interest income	11,546
Other	<u>60,905</u>
	142,233

**EXPENSES**

Salaries	89,755
Fringe benefits	8,218
Travel	610
Utilities	7,065
Telephone	497
Vehicle expense	8,025
Repairs and maintenance	3,981
Insurance	12,757
Office expense	2,949
Legal and accounting	7,994
Taxes and licenses	117
Seminars	2,091
Depreciation	11,463
Other costs	<u>3,940</u>
	<u>159,462</u>

**EXCESS OF EXPENSES  
OVER REVENUE**

\$ < 17,229 >

The accompanying notes are an integral part of this financial statement.

P.A.R.C. (People Advocating Real Choices)  
(Formerly P.A.R.C. (Parents and Retarded Children))

STATEMENT OF CHANGES IN FUND BALANCE

For the year ended June 30, 1996

Fund balance, beginning of year	\$ 336,973
Excess of expenses over revenue	<u>&lt; 17,229 &gt;</u>
Fund balance, end of year	<u>\$ 319,744</u>

The accompanying notes are an integral part of this financial statement.

**P.A.R.C. (People Advocating Real Choices)**  
**(Formerly P.A.R.C. (Parents and Retarded Children))**

**STATEMENT OF CASH FLOWS**

**For the year ended June 30, 1996**

Increase (decrease) in cash and cash equivalents		
Cash flows from operating activities:		
Excess of expenses over revenue		\$ < 17,229 >
Adjustments to reconcile excess of expenses over revenue to net cash paid by operating activities:		
Depreciation	\$ 11,463	
Changes in assets and liabilities		
Decrease in grant receivable	1,292	
Increase in other receivable	< 794 >	
Increase in prepaid expenses	< 491 >	
Increase in accounts payable and accrued liabilities	<u>731</u>	<u>12,201</u>
Net cash used in operating activities		<u>&lt; 5,028 &gt;</u>
Cash flows from investing activities:		
Purchases of U.S. Treasury Bills, net		<u>&lt; 3,231 &gt;</u>
Net cash used in investing activities		<u>&lt; 3,231 &gt;</u>
Cash flows from financing activities:		
Financing of insurance premiums		6,161
Principal payments on note payable		<u>&lt; 5,852 &gt;</u>
Net cash provided by financing activities		<u>309</u>
Net decrease in cash and cash equivalents		< 7,950 >
Cash and cash equivalents, beginning of year		<u>56,496</u>
Cash and cash equivalents, end of year		<u>\$ 48,546</u>

The accompanying notes are an integral part of this financial statement.

P.A.R.C. (People Advocating Real Choices)  
(Formerly P.A.R.C. (Parents and Retarded Children))

NOTES TO FINANCIAL STATEMENTS

June 30, 1996

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

1. Organization

P.A.R.C. (People Advocating Real Choices) was organized to provide pre-school opportunities for all children in Jefferson Parish who were disabled due to mental retardation and all developmental disabilities and to develop and maintain a model program with anticipation that the program would be modified as the individuals aged.

2. Presentation of Financial Statements

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles. The financial statements include all of the funds of the corporation. They are presented on the accrual basis of accounting.

3. Method of Accounting

The records are maintained in accordance with the principles of fund accounting. Accordingly, resources for various programs are classified for accounting and reporting purposes into funds established according to their nature and purpose. Separate accounts are maintained for each fund.

4. Depreciation and Amortization

Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives, principally on the straight-line-method. Depreciation expense for the year ended June 30, 1996 totaled \$11,463.

5. Revenue Recognition

For financial reporting the corporation recognizes unrestricted fund revenues as received. Revenue on restricted funds is recognized as it is earned in accordance with approved contracts.



P.A.R.C. (People Advocating Real Choices)  
(Formerly P.A.R.C. (Parents and Retarded Children))

NOTES TO FINANCIAL STATEMENTS

June 30, 1996

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

6. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

7. Receivables

The corporation considers accounts receivable to be fully collectible since the balance consists principally of payments due under governmental contracts. If amounts due become uncollectible, they will be charged to operations when that determination is made.

8. Cash Equivalents

For purpose of the statement of cash flows, the corporation considers all investments with original maturities of three months or less to be cash equivalents.

9. Financial Instruments

The fair value of the financial instruments such as cash and temporary investments approximate their carrying value.

NOTE B - INVESTMENT SECURITIES

Investment securities at amortized cost, which approximates market value, consist of the following:

U. S. Treasury Bills	<u>\$ 198,560</u>
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NOTE C - GRANT RECEIVABLE

The grant receivable at June 30, 1996 consists of the following:

Jefferson Parish Human Services	<u>\$ 6,811</u>
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**P.A.R.C. (People Advocating Real Choices)**  
**(Formerly P.A.R.C. (Parents and Retarded Children))**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 1996**

**NOTE D - LAND, BUILDING AND EQUIPMENT**

Land, building and equipment at June 30, 1996 consists of the following:

Building and improvements	\$ 106,335
Transportation equipment	38,743
Equipment	<u>11,433</u>
	156,511
less accumulated depreciation	<u>&lt;110,361&gt;</u>
	46,150
Land	<u>15,000</u>
	<u>\$ 61,150</u>

**NOTE E - NOTE PAYABLE**

The note payable at June 30, 1996 consists of the following:

Note payable to finance company due in monthly installments of approximately \$616 including interest through May, 1996, interest at 5%	<u>\$ 6,161</u>
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The interest expense on the note payable was approximately \$141 for the year ended June 30, 1996.

The maturity of the above note payable for the year ended June 30, 1997 totals \$6,161.

**NOTE F - SUMMARY OF FUNDING**

The funding of the corporation as of June 30, 1996 consist of the following:

<u>Grants</u>	<u>Period</u>	<u>Grant Award</u>	<u>Revenue Recognized</u>
Jefferson Parish Human Services Authority	7/1/95-6/30/96	\$ 69,782	<u>\$ 69,782</u>

**P.A.R.C. (People Advocating Real Choices)  
(Formerly P.A.R.C. (Parents and Retarded Children))**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 1996**

**NOTE G - RELATED PARTY TRANSACTIONS**

The corporation contracts with a board member to provide accounting services. The accounting services provided to the corporation for the year ended June 30, 1996 totaled \$4,200. Management is of the opinion that the costs incurred are comparable with those which could be purchased from an outside provider.

**NOTE H - INCOME TAXES**

The corporation is exempt from corporate income taxes under Section 501(c)(3) of the Internal Revenue Code.

**NOTE I - BOARD OF DIRECTORS' COMPENSATION**

The Board of Directors is a voluntary board; therefore, no compensation has been paid to any member.

**NOTE J - SUBSEQUENT EVENTS**

Effective August 15, 1996, the corporation ceased operations. All net assets will be distributed to qualified non-profit organizations (501(c)(3)), upon its termination.

**SUPPLEMENTAL INFORMATION**

**P.A.R.C. (People Advocating Real Choices)**  
**(Formerly P.A.R.C. (Parents and Retarded Children))**

**COMBINED STATEMENT OF REVENUE AND  
EXPENSES AND CHANGES IN FUND BALANCE**

**For the year ended June 30, 1996**

	<u>General Fund</u>	<u>Jefferson Parish Human Services Authority</u>	<u>Total</u>
<b>REVENUE</b>			
Grant appropriations	\$ -	\$ 69,782	\$ 69,782
Interest income	11,546	-	11,546
Other	-	60,905	60,905
	<u>11,546</u>	<u>130,687</u>	<u>142,233</u>
<b>EXPENSES</b>			
Salaries	-	89,755	89,755
Fringe benefits	-	8,218	8,218
Travel	-	610	610
Utilities	-	7,065	7,065
Telephone	-	497	497
Vehicle expense	-	8,025	8,025
Repairs and maintenance	-	3,981	3,981
Insurance	-	12,757	12,757
Office expense	-	2,949	2,949
Legal and accounting	-	7,994	7,994
Taxes and licenses	-	117	117
Seminars	-	2,091	2,091
Depreciation	-	11,463	11,463
Other costs	141	3,799	3,940
	<u>141</u>	<u>159,321</u>	<u>159,462</u>
<b>EXCESS OF REVENUE OVER EXPENSES &lt;EXPENSES OVER REVENUE&gt;</b>	11,405	< 28,634>	< 17,229>
<b>Fund balance, beginning of year</b>	336,973	-	336,973
<b>Transfer fund deficit to general fund</b>	<u>&lt; 28,634&gt;</u>	<u>28,634</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 319,744</u>	<u>\$ -</u>	<u>\$ 319,744</u>

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## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors  
P.A.R.C. (People Advocating Real Choices)

I have audited the financial statements of P.A.R.C. (People Advocating Real Choices) (a non-profit corporation) as of and for the year ended June 30, 1996, and have issued my report thereon dated August 15, 1996.

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.

The management of P.A.R.C. (People Advocating Real Choices) is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure 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 internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing my audit of the financial statements of P.A.R.C. (People Advocating Real Choices) for the year ended June 30, 1996, I obtained an understanding of the internal control structure. With respect to the internal control structure, I obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and I assessed control risk in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, I do not express such an opinion.

I noted certain matters involving the internal control structure and its operation that I consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control structure that, in my judgment, could adversely affect the corporation's ability to record, process, summarize, and report financial data in a manner that is consistent with the assertions of management in the financial statements.

The reportable condition is as follows:

1. Segregation of Duties

Due to the size of the administrative staff, the corporation is too small to effect a meaningful segregation of duties. All authorization and approval of cash disbursements are performed by the Executive Director.

I recommend the Board of Directors continue its significant involvement in the financial affairs of the corporation through review of monthly and quarterly financial reports.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities 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.

My consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, I do not believe the reportable condition described above is a material weakness.

This report is intended for the information of management, the Legislative Auditor of the State of Louisiana, and the Jefferson Parish Human Services Authority. However, this report is a matter of public record, and its distribution is not limited.

*Justin J. Scanlan, CPA*

New Orleans, Louisiana  
August 15, 1996

# Justin J. Scanlan, C.P.A.

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## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors  
P.A.R.C. (People Advocating Real Choices)

I have audited the financial statements of P.A.R.C. (People Advocating Real Choices) (a non-profit corporation) as of and for the year ended June 30, 1996, and have issued my report thereon dated August 15, 1996.

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 with laws, regulations, contracts, and grants applicable to P.A.R.C. (People Advocating Real Choices) is the responsibility of P.A.R.C. (People Advocating Real Choices)'s management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, I performed tests of P.A.R.C. (People Advocating Real Choices)'s compliance with certain provisions of laws, regulations, contracts and grants. However, the objective of my audit of the financial statements was not to provide an opinion on overall compliance with such provisions. 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.

This report is intended for the information of management, the Legislative Auditor of the State of Louisiana, and the Jefferson Parish Human Services Authority. However, this report is a matter of public record, and its distribution is not limited.

*Justin J. Scanlan, CPA*

New Orleans, Louisiana  
August 15, 1996



P.A.R.C. (People Advocating Real Choices)  
(Formerly P.A.R.C. (Parents and Retarded Children))

STATUS OF PRIOR YEAR AUDIT FINDINGS

June 30, 1996

The prior audit report of the corporation included several findings and recommendations. The current status of the prior audit report findings is as follows:

	<u>RESOLVED</u>	<u>UNRESOLVED</u>	<u>CURRENT FINDINGS NO.</u>
<u>Reportable Conditions</u>			
1. Segregation of duties		X	1.
2. Related party transactions	X		

**P.A.R.C. Day Developmental Center**  
*A Non-Profit And Non-Sectarian Training Center For The Mentally Retarded*

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P.O. Box 931  
Kenner, LA 70063

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Kenner, Louisiana 70065  
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**MANAGEMENT'S RESPONSE TO AUDIT FINDING**

1. Segregation of Duties

This practice will continue due to the size of the administrative staff.