

BEAUREGARD ARC  
FINANCIAL STATEMENTS  
Year Ended June 30, 2004

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the 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.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Beauregard ARC

We have audited the accompanying statement of financial position of Beauregard ARC (a nonprofit organization) as of June 30, 2004, and the related statements of activities, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 the 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 Beauregard ARC as of June 30, 2004, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2004, on our consideration of Beauregard ARC's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of Beauregard ARC taken as a whole. The accompanying information listed as supplemental information in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. 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 basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Stutzman & Gates, LLC*  
Stutzman & Gates, LLC  
November 10, 2004

FINANCIAL STATEMENTS

BEAUREGARD ARC  
STATEMENT OF FINANCIAL POSITION  
June 30, 2004

ASSETS

CURRENT ASSETS:

Cash .....	\$ 37,518
Account receivable - OCDD .....	14,780
Accounts receivable - private pay .....	<u>12,120</u>
TOTAL CURRENT ASSETS	<u>64,418</u>

PROPERTY AND EQUIPMENT:

Land .....	28,800
Buildings .....	4,156
Leasehold improvements .....	5,412
Vehicles .....	141,948
Equipment .....	19,831
Construction in progress .....	<u>213,542</u>
	413,689
Less accumulated depreciation .....	<u>87,941</u>
	<u>325,748</u>

OTHER ASSETS:

Cash - temporarily restricted for new building .....	<u>3,921</u>
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TOTAL ASSETS \$ 394,087

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accounts payable .....	\$ 8,096
Payroll taxes payable .....	987
Current portion of long-term debt .....	<u>10,957</u>
TOTAL CURRENT LIABILITIES	20,040

LONG-TERM DEBT, net of current  
portion .....

	<u>6,264</u>
TOTAL LIABILITIES	<u>26,304</u>

NET ASSETS:

Unrestricted - operating .....	363,862
Temporarily restricted - new building .....	<u>3,921</u>
TOTAL NET ASSETS	<u>367,783</u>

TOTAL LIABILITIES AND  
NET ASSETS \$ 394,087

The accompanying notes are an integral part of this statement.

BEAUREGARD ARC  
 STATEMENT OF ACTIVITIES  
 For the Year Ended June 30, 2004

UNRESTRICTED NET ASSETS

Public Support, Revenues, and Reclassifications	
State of Louisiana - OCDD .....	\$ 180,380
United Way .....	30,000
Contributions .....	12,497
Grant .....	81,950
Interest .....	51
Miscellaneous .....	917
Program revenues .....	<u>119,934</u>
Total Unrestricted Revenues and Gains	425,729

Net assets released from restrictions:	
Restrictions satisfied by payments .....	<u>104</u>
Total Unrestricted Public Support, Revenues, and Reclassifications	<u>425,833</u>

Expenses	
Client payroll .....	28,675
Contract labor .....	2,518
Depreciation .....	38,359
Dues .....	3,248
Fuel .....	11,708
In-kind - materials & supplies .....	22
In-kind - services .....	550
Insurance .....	31,034
Interest expense .....	1,321
Office expense .....	1,654
Payroll taxes .....	16,247
Professional .....	1,800
Rent .....	7,200
Repairs .....	5,385
Salaries .....	180,062
Supplies .....	11,557
Travel .....	4,723
Utilities .....	<u>4,620</u>
Total Expenses	<u>350,683</u>

INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS 75,150

TEMPORARILY RESTRICTED NET ASSETS

Contributions	4,025
Net assets released from restrictions:	
Restrictions satisfied by payments	<u>(104)</u>
Increase (decrease) in temporarily restricted net assets	<u>3,921</u>

INCREASE IN NET ASSETS 79,071

NET ASSETS AS OF BEGINNING  
OF YEAR 288,712

NET ASSETS AS OF END  
OF YEAR \$ 367,783

The accompanying notes are an integral part of this statement.

BEAUREGARD ARC  
STATEMENT OF CASH FLOWS  
For the Year Ended June 30, 2004

CASH FLOWS FROM OPERATING ACTIVITIES

Increase in net assets .....	\$ 79,071
Adjustments to reconcile decrease in net assets to net cash used by operating activities:	
Depreciation .....	38,359
Non-cash contributions and grants .....	(80,450)
(Increase) decrease in operating assets:	
(Increase) decrease in receivables .....	(13,837)
Increase (decrease) in operating liabilities:	
Increase (decrease) in accounts payable .....	8,096
Increase (decrease) in payroll taxes payable .....	<u>332</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>31,571</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property and equipment .....	<u>(7,327)</u>
NET CASH USED BY INVESTING ACTIVITIES	<u>(7,327)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Payments on long-term debt .....	<u>(13,983)</u>
NET CASH USED BY FINANCING ACTIVITIES	<u>(13,983)</u>

NET INCREASE (DECREASE) IN CASH 10,261

CASH AT BEGINNING OF YEAR 31,178

CASH AT END OF YEAR \$ 41,439

The accompanying notes are an integral part of this statement.

**NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Activities**

Beauregard ARC was formed November 11, 1967 to supervise the daily operations of the DeRidder Retarded Citizens, to sponsor community events in an effort to educate the public, to be active with other community events and human service agencies, and to host awareness events. The Organization is supported primarily through funding from the State of Louisiana Department of Health and Hospitals Office for Citizens with Developmental Disabilities, charges for services to private pay clients, individual donor's contributions, and the United Way. The more significant accounting policies applied in the preparation of the accompanying statements follows.

**Basis of Accounting**

The financial statements of Beauregard ARC have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

**Basis of Presentation**

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 116, *Accounting for Contributions Received and Contributions Made* and Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. In accordance with FASB Statement 116, contributions are to be recorded at the time the promise is made. Under (SFAS) No. 117, the Organization 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.

**Use of 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.

**Income Taxes**

Beauregard ARC is a not-for-profit organization exempt from income tax under Section 501(c) (3) of the U.S. Internal Revenue Code.

**NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Cash and Cash Equivalents**

For purposes of the statement of cash flow, the Organization considers all short-term debt securities purchased with a maturity of three months or less to be cash equivalents.

At June 30, 2004, the carrying amount of Beauregard ARC's deposits was \$41,439 and the bank balance was \$48,057. At June 30, 2004, all deposits were covered by FDIC insurance. The carrying amount of cash consisted of \$37,518 in unrestricted accounts and \$3,921 in restricted accounts.

**Property and Equipment**

Property and equipment are carried at cost or, if donated, at the approximate fair market value at the date of donation. Acquisitions of property and equipment in excess of \$250 are capitalized. Depreciation is computed using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Buildings	10
Leasehold improvements	10
Vehicles	3
Equipment	3 - 8

**Basis of Revenue Recognition**

Contributions are recognized in the year received. Unconditional promises to give are recorded as received.

Grants are recorded in the year the grant is received.

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Grants and other contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

BEAUREGARD ARC  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2004

**NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Accounts receivable are deemed to be fully collectible. Receivables are considered past due if payment has not been received within three months of the billing date. No allowance for doubtful accounts has been recorded due to management's assertion that any uncollectible accounts would be immaterial to the financial statement. Uncollectible accounts receivable are charged to bad debt expense at the time that the related receivable is determined to be uncollectible.

**NOTE 2 - LONG-TERM DEBT**

Long-term debt at June 30, 2004 consisted of the following:

Note payable to GMAC in monthly installments of \$657 including interest at 4.9%, maturity May 13, 2005, collateral-2001 Chevrolet van .....	\$ 6,421
Note payable to First National Bank of DeRidder in monthly installments of \$222 including interest at 6.00%, maturity August 29, 2006, collateral-2004 Ford van .....	5,606
Note payable to First National Bank of DeRidder in monthly installments of \$199 including interest at 6.00%, maturity October 29, 2006, collateral-2003 Dodge van .....	<u>5,194</u>
	17,221
Less: current portion .....	<u>10,957</u>
	<u>\$ 6,264</u>

Maturities of long-term debt are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005 .....	\$ 10,957	\$ 667	\$ 11,624
2006 .....	4,816	245	5,061
2007 .....	<u>1,448</u>	<u>16</u>	<u>1,464</u>
Totals	<u>\$ 17,221</u>	<u>\$ 928</u>	<u>\$ 18,149</u>

**NOTE 3 - CONCENTRATION**

The Organization is dependent on the State of Louisiana and two private pay providers located in Louisiana for the majority of its revenues.

BEAUREGARD ARC  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2004

**NOTE 4 - STATEMENT OF CASH FLOWS**

Interest paid for the year ended June 30, 2004 was \$1,321.

Noncash investing and financing activities for the year ended June 30, 2004 consisted of the acquisition of three vehicles with \$13,863 in bank loans and \$80,450 being the donated value of the remaining balance of the three vehicles.

SUPPLEMENTAL INFORMATION

BEAUREGARD ARC  
 SCHEDULE OF FINDINGS  
 For the Year Ended June 30, 2004

We have audited the financial statements of Beauregard ARC as of and for the year ended June 30, 2004, and have issued our report dated November 10, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of June 30, 2004 resulted in an unqualified opinion.

**Section I - Summary of Auditor's Reports**

*a. Report on Internal Control and Compliance Material to the Financial Statements*

Internal Control		
Material Weakness(es)	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Other Condition(s)	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Compliance		
Compliance Material to Financial Statements	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

**Section II - Financial Statement Findings**

**2004-1 I/C - (Material weakness)**

Segregation of duties: Because of the lack of a large staff, more specifically accounting personnel, there is a problem with segregation of duties necessary for proper controls. We do note that this situation is inherent to most agencies of this type and is difficult to solve due to the funding limitations of Beauregard ARC. We recommend that the President and other directors take an active interest in the review of all of the financial information. This was also a prior year finding.

BEAUREGARD ARC  
MANAGEMENT'S CORRECTIVE ACTION PLAN (Unaudited)  
For the Year Ended June 30, 2004

**2004-1 I/C - Segregation of duties:**

**Contact Person - Jackie Hickman, Executive Director**

Corrective action - The President of the board of directors will continue to take an active role in the day to day operations of Beauregard ARC. This corrective action plan is in effect as of November 10, 2004.

BEAUREGARD ARC  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
For the Year Ended June 30, 2004

**2003-1 I/C (Ongoing finding) Segregation of duties:**

**Unresolved** - Due to lack of sufficient financial resources, this finding cannot be resolved. See 2004-1 I/C.

**2003-2 I/C (06/30/03) Blank checks signed in advance:**

The Organization should cease this practice immediately.

**Resolved.**

**2003-1 C (06/30/03) Agendas of meetings not posted in advance:**

The Organization should post the agenda of each meeting at least 24 hours before the meeting on the door of the building where the meeting is to be held or publish it in the local journal.

**Resolved.**

INDEPENDENT AUDITOR'S REPORT SECTION

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

To the Board of Directors  
Beauregard ARC

We have audited the financial statements of Beauregard ARC, (a nonprofit organization), as of and for the year ended June 30, 2004, and have issued our report thereon dated November 10, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Beauregard ARC'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 an opinion 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 judgement, could adversely affect Beauregard ARC's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings as item 2004-1 I/C.

A material weakness is a reportable 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 caused by error or fraud 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, of the reportable conditions described above, we consider item 2004-1 I/C to be a material weakness.

Compliance

As part of obtaining reasonable assurance about whether Beauregard ARC's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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

Board of Directors  
November 10, 2004  
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of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, others within the organization, federal awarding agencies and pass-through entities, 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. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Stutzman & Gates, LLC*

Stutzman & Gates, LLC  
November 10, 2004