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CALCASIEU ASSOCIATION FOR RETARDED CITIZENS, INC.
FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT
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

Release Date 12-15-04

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INDEPENDENT AUDITORS' REPORT

October 12, 2004

To the Board of Directors
Calcasieu Association for
Retarded Citizens, Inc.

We have audited the accompanying statement of financial position of Calcasieu Association for Retarded Citizens, Inc. (a nonprofit organization), as of June 30, 2004, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Calcasieu Association for Retarded Citizens, Inc.'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 significant estimates made by management, as well as evaluating the overall financial 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 Calcasieu Association for Retarded Citizens, Inc. 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 a report dated October 12, 2004, on our consideration of Calcasieu 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. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on pages 20 and 21 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information 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.

Gragson, Casiday & Guillory

CALCASIEU ASSOCIATION FOR RETARDED CITIZENS, INC.

Statement of Financial Position

June 30, 2004

ASSETS

CURRENT ASSETS

Cash and cash equivalents		\$ 979,378
Investments		1,606,602
Unconditional promises to give		107,000
Accounts receivable		
Grants and contracts, net	\$ 98,140	
Medicaid, net	309,665	
Work Activity, net	79,519	
Client liability, net	14,735	
Other	<u>66,057</u>	568,116
Accrued interest receivable		11,612
Merchandise inventory		38,067
Prepaid expenses		<u>3,762</u>
Total current assets		3,314,537

PROPERTY, PLANT, AND EQUIPMENT

Buildings and improvements	2,930,240	
Leasehold improvements	196,385	
Furniture, fixtures, and equipment	1,242,717	
Transportation equipment	<u>734,073</u>	
	5,103,415	
Less accumulated depreciation and amortization	<u>(2,620,204)</u>	
	2,483,211	
Land	<u>351,546</u>	2,834,757

OTHER ASSETS

Deposits		<u>10,051</u>
		<u>\$ 6,159,345</u>

The accompanying notes are an integral part of this statement.

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable – trade	\$ 50,630
Accrued salaries	55,266
Payroll taxes payable	52,803
Accrued expenses - other	<u>30,222</u>
Total current liabilities	188,921

NET ASSETS

Unrestricted	5,848,424
Temporarily restricted	<u>122,000</u>
	<u>5,970,424</u>

\$ 6,159,345

CALCASIEU ASSOCIATION FOR RETARDED CITIZENS, INC.

Statement of Activities

Year Ended June 30, 2004

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUE, GAINS AND OTHER SUPPORT			
Federal, state and local grants/contracts	\$ 1,018,345	\$ -	\$ 1,018,345
Medicaid	3,319,081	-	3,319,081
United Way grant	-	214,000	214,000
Contributions	9,464	-	9,464
Membership dues	865	-	865
Auxiliary activities	1,006,265	-	1,006,265
Other program fees	315,396	-	315,396
Fund raising	5,608	-	5,608
Investment income	41,866	-	41,866
Other income	49,704	-	49,704
Gain on disposal of assets	35,064	-	35,064
Net assets released from restrictions			
Expiration of time restrictions-			
United Way	<u>214,000</u>	<u>(214,000)</u>	<u>-</u>
TOTAL REVENUES, GAINS AND OTHER SUPPORT	6,015,658	-	6,015,658
EXPENSES AND LOSSES			
Program services	5,758,395	-	5,758,395
Supporting services			
Management and general	<u>46,704</u>	<u>-</u>	<u>46,704</u>
TOTAL EXPENSES AND LOSSES	<u>5,805,099</u>	<u>-</u>	<u>5,805,099</u>
INCREASE IN NET ASSETS	210,559	-	210,559
NET ASSETS AT BEGINNING OF YEAR	<u>5,637,865</u>	<u>122,000</u>	<u>5,759,865</u>
NET ASSETS AT END OF YEAR	<u>\$ 5,848,424</u>	<u>\$ 122,000</u>	<u>\$ 5,970,424</u>

The accompanying notes are an integral part of this statement.

CALCASIEU ASSOCIATION FOR RETARDED CITIZENS, INC.

Statement of Functional Expenses

Year Ended June 30, 2004

	<u>Program Services</u>		
	<u>Work Activity</u>	<u>Adult Habilitation</u>	<u>Infant Habilitation</u>
Salaries and wages	\$ 455,145	\$ 618,119	\$ 391,021
Payroll taxes	<u>34,747</u>	<u>46,460</u>	<u>29,010</u>
Total salaries and related expenses	489,892	664,579	420,031
Advertising	74	359	2,508
ARC membership fees	-	-	-
Bad debts	-	-	-
Central office overhead	99,677	192,805	69,511
Consultants	-	-	-
Contract services	15,441	631	2,029
Day care tuition	-	-	1,900
Dues and subscriptions	-	1,058	881
Employee benefits	8,763	56,200	40,930
Habilitative services	-	-	-
Insurance	53,638	100,919	56,502
Licenses	258	283	831
Medicaid provider fees	-	-	-
Medical	-	333	232
Miscellaneous	1,180	4,572	7,820
Office expense	6,296	-	665
Professional services	31,165	2,053	884
Purchases-resale items	109,195	-	-
Recreation expense	-	1,907	-
Rent	-	-	3,064
Repairs and maintenance	30,509	23,057	9,223
Seminars	90	3,095	2,981
Supplies	68,555	13,231	17,231
Telephone	1,126	6,493	6,597
Transportation	13,409	43,111	1,299
Travel	6,277	3,547	13,630
Utilities	<u>42,637</u>	<u>15,419</u>	<u>14,949</u>
Total expenses before depreciation expense	978,182	1,133,652	673,698
Depreciation expense	<u>82,538</u>	<u>65,107</u>	<u>18,682</u>
	<u>\$ 1,060,720</u>	<u>\$ 1,198,759</u>	<u>\$ 692,380</u>

The accompanying notes are an integral part of this statement.

Program Services

Residential Services	Supervised Living	Respite	Eliminations	Total
\$ 621,905	\$ 85,690	\$ 703,949	\$ -	\$ 2,875,829
<u>47,132</u>	<u>6,176</u>	<u>54,101</u>	<u>-</u>	<u>217,626</u>
669,037	91,866	758,050	-	3,093,455
99	84	570	-	3,694
-	-	-	-	-
738	-	-	-	738
311,889	25,825	163,415	-	863,122
49,607	3,248	-	-	52,855
3,306	-	-	-	21,407
-	-	-	-	1,900
2,871	398	694	-	5,902
32,082	16,183	19,657	-	173,815
208,859	-	-	(208,859)	-
74,313	5,457	33,598	-	324,427
4,569	252	1,960	-	8,153
145,179	-	-	-	145,179
7,637	70	-	-	8,272
21,451	486	29,804	-	65,313
26	-	438	-	7,425
50	-	-	-	34,152
-	-	-	-	109,195
8,304	2,765	-	-	12,976
-	4,752	-	-	7,816
16,589	204	1,647	-	81,229
472	947	794	-	8,379
125,993	1,129	458	-	226,597
3,602	771	1,967	-	20,556
19,453	1,809	-	-	79,081
1,096	6,015	33,193	-	63,758
<u>29,661</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>102,666</u>
1,736,883	162,261	1,046,245	(208,859)	5,522,062
<u>65,209</u>	<u>4,166</u>	<u>631</u>	<u>-</u>	<u>236,333</u>
<u>\$ 1,802,092</u>	<u>\$ 166,427</u>	<u>\$ 1,046,876</u>	<u>\$ (208,859)</u>	<u>\$ 5,758,395</u>

Continued

CALCASIEU ASSOCIATION FOR RETARDED CITIZENS, INC.

Statement of Functional Expenses - Continued

Year Ended June 30, 2004

	<u>Supporting Services</u>	
	<u>Management and General</u>	<u>Fund Raising</u>
Salaries and wages	\$ 16,252	\$ -
Payroll taxes	<u>1,247</u>	<u>-</u>
Total salaries and related expenses	17,499	-
Advertising	628	-
ARC membership fees	-	-
Bad debts	-	-
Central office overhead	6,918	-
Consultants	-	-
Contract services	-	-
Day care tuition	-	-
Dues and subscriptions	700	-
Employee benefits	503	-
Fundraising	100	-
Habilitative services	-	-
Insurance	703	-
Licenses	-	-
Medicaid provider fees	-	-
Medical	-	-
Miscellaneous	16,668	-
Office expense	-	-
Professional services	-	-
Purchases - resale items	-	-
Recreation	-	-
Rent	-	-
Repairs and maintenance	1,425	-
Seminars	302	-
Supplies	-	-
Telephone	-	-
Transportation	-	-
Travel	664	-
Utilities	<u>281</u>	<u>-</u>
Total expenses before depreciation expense	46,391	-
Depreciation expense	<u>313</u>	<u>-</u>
	<u>\$ 46,704</u>	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

CALCASIEU ASSOCIATION FOR RETARDED CITIZENS, INC.

Statement of Cash Flows

Year Ended June 30, 2004

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 210,559
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	236,646
Bad debts	738
Gain on the disposition of assets	(35,064)
Unrealized loss of investments	226,326
(Increase) decrease in:	
Unconditional promises to give	-
Accounts receivable	(13,765)
Accrued interest receivable	6,696
Inventory	5,638
Deposits and prepaids	(9,595)
Increase (decrease) in:	
Accounts payable - trade	(42)
Accrued salaries	13,868
Payroll taxes payable	93
Accrued expenses - other	14,229
NET CASH FROM OPERATING ACTIVITIES	<u>656,327</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from maturity of investments	372,638
Purchase of investments	(655,000)
Proceeds from sale of fixed assets	79,206
Purchases of fixed assets and construction in progress	<u>(241,030)</u>
NET CASH FROM INVESTING ACTIVITIES	<u>(444,186)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	212,141
Cash and cash equivalents, June 30, 2003	<u>767,237</u>
Cash and cash equivalents, June 30, 2004	<u>\$ 979,378</u>

The accompanying notes are an integral part of this statement.

CALCASIEU ASSOCIATION FOR RETARDED CITIZENS, INC.

Notes to Financial Statements

June 30, 2004

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Calcasieu Association for Retarded Citizens, Inc. (CARC) is presented to assist in understanding CARC's financial statements. The financial statements and notes are representations of CARC's management, who is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America, which have been consistently applied in the preparation of the financial statements.

1. Nature of Activities

Calcasieu Association for Retarded Citizens, Inc. was organized under Section 501 (c) (3) of the Internal Revenue Code as a nonprofit organization for the purpose of providing the following services to mentally and physically handicapped persons (clients) in Southwest Louisiana:

Work Activity - Clients provide services to area businesses on a contract basis and produce various merchandise for resale to the public.

Adult Habilitation - Adults are taught day to day living skills and work opportunities.

Infant Habilitation - Infants through three years of age are taught basic developmental skills.

Residential Services - The Association maintains six community homes which house six clients each on a "round the clock" supervised basis.

Supervised Independent Living - Clients are placed in local apartments and are supervised on a day-to-day, part-time basis.

Respite Services - The Association provides sitters for parents and guardians of clients.

The majority of the funding for the above programs is provided by Medicaid and the State offices of the Louisiana Department of Health and Hospitals. Without this funding, the Association would be forced to find alternative funding sources in order to maintain operations.

2. Basis of Accounting

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

Continued

CALCASIEU ASSOCIATION FOR RETARDED CITIZENS, INC.

Notes to Financial Statements

June 30, 2004

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Basis of 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, CARC 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.

4. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 period. Actual results could differ from those estimates.

5. Cash and Cash Equivalents

The Association considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

6. Investments

Investments consist of U.S. Treasury Notes and Certificate of Deposits with a cost of \$1,623,610 which do not meet the Association's definition of cash equivalents. The investments are carried at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities. Accumulated unrealized depreciation in assets classified as investments at June 30, 2004 was \$17,008.

7. Property, Plant, and Equipment

The Association follows the practice of recording assets at cost or estimated fair value of donated assets at date of donation. All assets with estimated useful lives in excess of one year are capitalized. Depreciation and amortization is provided on the straight-line method at rates calculated to allocate the recorded amounts over the estimated useful lives of the assets. Depreciation and amortization amounted to \$272,760, of which \$36,114 is included in central office overhead expense in the accompanying statement of functional expenses, for the year ended June 30, 2004 and may be allocated as follows:

Assets stated at historical cost	\$ 270,422
Donated assets recorded at fair value	<u>2,338</u>
Total	<u>\$ 272,760</u>

Continued

CALCASIEU ASSOCIATION FOR RETARDED CITIZENS, INC.

Notes to Financial Statements

June 30, 2004

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In May, 2003, the Association acquired land for \$131,000 for an intended site of a section 811 HUD apartment complex. In December 2003, HUD approved a \$1,568,700 grant for the construction of the apartment complex. The association intends to form a separate corporation to handle the construction and operations of this project.

Subsequent to June 30, 2004, the Association purchased 2.8 acres of land for \$160,000 on Hodges Street in Lake Charles, Louisiana for future expansion.

8. Expense Allocation

Direct costs are charged directly to the grants and programs in which the expense is incurred or they are allocated to the grants and programs based on the proportion of benefit resulting from the particular expenditure. All other costs not identifiable as direct charges are regarded as "central office overhead" and accumulated in a pool. This pool is distributed monthly to the grants and programs based on the proportion of each grant's/program's direct costs to total direct costs, computed on a monthly basis.

9. Eliminations

For report purposes, all significant inter-departmental accounts and transactions have been eliminated.

10. Income Taxes

The Association is a nonprofit organization under Section 501(c)(3) of the Internal Revenue Code and generally is not subject to income taxes according to the provisions of Federal and Louisiana State income tax laws and regulations. In addition, CARC has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a)(1) of the code.

11. Donated Services

No amounts have been reflected in the statements for donated services inasmuch as no objective basis is available to measure the value of such services; however, a substantial number of volunteers have donated significant amounts of their time to the organization's program services.

12. Designated Net Assets

At its discretion, the Board may designate revenue for specific purposes. Any Board-designated funds would be segregated under the unrestricted net assets.

13. Inventory

Inventory is stated at the lower of cost or market. Cost is determined under the first-in, first-out method of accounting.

CALCASIEU ASSOCIATION FOR RETARDED CITIZENS, INC.

Notes to Financial Statements

June 30, 2004

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

14. Restricted and Unrestricted Revenue and Support

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a 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.

15. Temporarily Restricted Net Assets

Temporarily restricted net assets at June 30, 2004 includes the principal amount of a donation received in a prior fiscal year. The donor placed certain stipulations on the use of these funds. As of June 30, 2004, none of the original donation of \$15,000 had been expended.

Also included in temporarily restricted net assets as of June 30, 2004 is the remaining United Way allocation yet to be received for calendar year 2004 amounting to \$107,000.

16. Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

NOTE B - CASH AND CASH EQUIVALENTS

As of June 30, 2004, cash and cash equivalents consisted of the following:

Operating accounts, net of outstanding items	\$ 739,612
Mutual funds	<u>239,766</u>
	<u>\$ 979,378</u>

Continued

CALCASIEU ASSOCIATION FOR RETARDED CITIZENS, INC.

Notes to Financial Statements

June 30, 2004

NOTE B - CASH AND CASH EQUIVALENTS (CONTINUED)

All cash deposits in operating accounts and certificates of deposit were fully collateralized at June 30, 2004, either by FDIC limits or by pledged securities. However, a significant risk of loss existed at June 30, 2004 with regard to the monies invested in mutual funds because those funds are not insured against market risk.

NOTE C - ACCOUNTS RECEIVABLE

Accounts receivable amounts in the accompanying statement of financial position are reported net of the following allowance for doubtful accounts:

Contracts	<u>\$ 17,942</u>
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NOTE D - MEDICAID PROVIDER FEE

The Association's residential services program is required, under Louisiana R.S. 46:2601-2605, to pay to the Department of Health and Hospitals a fee per patient day for each bed which is in use or reserved for a patient. The total of such fees for the year ended June 30, 2004 is \$145,179.

NOTE E - RELATED PARTY TRANSACTIONS

Included in accounts receivable-other at June 30, 2004 are operating advances of \$55,868 to Louisiana Disabled Persons Finance Corporation, an affiliated non-profit organization under a common board of directors. In addition, Louisiana Disabled Persons Finance Corporation paid \$4,693 in management fees to Calcasieu Association for Retarded Citizens, Inc. for the year ended June 30, 2004. Summarized financial data of Louisiana Disabled Persons Finance Corporation as of and for the year ended June 30, 2004 is as follows:

Total Assets	\$ 371,333
Total Liabilities	<u>612,957</u>
Net Assets	<u>\$ (241,624)</u>
Total Revenue	\$ 99,437
Total Expenses	<u>127,972</u>
Change in Net Assets	<u>\$ (28,535)</u>

CALCASIEU ASSOCIATION FOR RETARDED CITIZENS, INC.

Notes to Financial Statements

June 30, 2004

NOTE F - INVESTMENT INCOME

Investment income included in the statement of activities is summarized as follows:

Interest income	\$ 59,718
Net unrealized losses	<u>(17,852)</u>
Total unrestricted investment income	<u>\$ 41,866</u>

NOTE G - RETIREMENT PLAN

Effective September 1, 1997, a retirements savings plan and trust for the benefit of eligible employees was adopted. The plan covers substantially all of the employees, with the exception of client employees, of Calcasieu Association for Retarded Citizens, Inc. who have attained the age of 21 and completed one year of service (at least 1,000 hours of service in a plan year). The plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Each participant may elect to have Compensation deferred by up to the maximum percentage allowable not to exceed the limits of Code Sections 401(k), 402(g), 404 and 415. The maximum annual amount that an employee could contribute as an elective deferral for calendar year 2003 was \$11,000 per year. For the year ended June 30, 2004, salary deferrals by eligible participants totaled \$ 81,333. The employer may make a matching contribution to each participant based on the participant's elective deferrals in a percentage set by the employer prior to the end of each plan year. For the year ended June 30, 2004, the Board of Directors adopted an employer contribution of 50% of the first 6% that an employee contributes. Additional amounts may be contributed at the option of the Board of Directors. For the year ended June 30, 2004, the employer match totaled \$28,666.

NOTE H - PROMISES TO GIVE

Unconditional promises to give at June 30, 2004 are as follows:

2003 United Way Allocation	<u>\$ 107,000</u>
Receivable in less than one year	\$ 107,000
Receivable in one to five years	-
Receivable in more than five years	<u>-</u>
Total unconditional promises to give	107,000
Less discounts to net present value	-
Less allowance for uncollectible promises receivable	<u>-</u>
Net unconditional promises to give at June 30, 2004	<u>\$ 107,000</u>

CALCASIEU ASSOCIATION FOR RETARDED CITIZENS, INC.

Notes to Financial Statements

June 30, 2004

NOTE I - CENTRAL OFFICE OVERHEAD

Included in central office overhead expense in the accompanying Statement of Functional Expenses are the following natural expense categories:

Salaries and wages	\$ 513,966
Payroll taxes	<u>38,225</u>
Total salary and related expenses	552,191
Advertising	771
Bank charges	4,500
Contract services	5,895
Dues and subscriptions	1,929
Employee benefits	48,286
Insurance	64,855
Licenses	138
Miscellaneous	18,448
Office expense	6,485
Professional services	17,200
Repairs and maintenance	30,020
Seminars	2,798
Supplies	31,733
Telephone	8,450
Training	303
Transportation	14,763
Travel	7,082
Utilities	<u>18,079</u>
Total expenses before depreciation expense	833,926
Depreciation expense	<u>36,114</u>
Total central office overhead	<u>\$ 870,040</u>

NOTE J – LOSS CONTINGENCIES

At June 30, 2004, the Association was involved in one lawsuit currently being handled by the Association's insurance carrier and the carrier's attorney. Any judgment in excess of the insurance coverage would have to be paid by the Association. As of June 30, 2004, it is management's opinion that the suit will be concluded at no material cost to the Association.

CALCASIEU ASSOCIATION FOR RETARDED CITIZENS, INC.

Notes to Financial Statements

June 30, 2004

NOTE K – OPERATING LEASE

The Association is the lessor of property located at 629 Cusic Street under an operating lease. The lease agreement stipulates a month-to-month lease in the amount of \$700 per month.

Following is a summary of property on lease at June 30, 2004:

Cusic Street Home	\$ 64,075
Less: accumulated depreciation	<u>(44,203)</u>
	19,872
Cusic Street Land	<u>11,000</u>
	<u>\$ 30,872</u>

NOTE L – CHILD AND ADULT CARE FOOD PROGRAM (CACFP)

In accordance with the Louisiana Department of Education disclosure requirement, the CACFP had the following revenues and expenses for the year ended June 30, 2004:

Revenues	<u>\$ 13,528</u>
Expenses	
Salaries – administration	\$ 1,424
Salaries – food service	7,021
Payroll taxes – administration	103
Payroll taxes – food service	514
Employee benefits – administration	142
Employee benefits – food service	121
Workers compensation	93
Advertising	86
Central office overhead	2,425
Seminars	126
Food supplies	8,918
Kitchen supplies	55
Travel	<u>1,560</u>
	<u>\$ 22,588</u>

SUPPLEMENTARY INFORMATION

CALCASIEU ASSOCIATION FOR RETARDED CITIZENS, INC.

Schedule of Support, Revenues, and Expenses - Departmentalized

Year Ended June 30, 2004

	<u>Central Office</u>	<u>Work Activity</u>	<u>Adult Habilitation</u>	<u>Infant Habilitation</u>
Public support and revenue				
Public support				
Federal, state and local grants/contracts	\$ -	\$ -	\$ 641,238	\$ 302,227
Medicaid	-	-	262,654	-
United Way grant	-	58,200	43,200	112,600
Contributions	<u>780</u>	<u>2,000</u>	<u>500</u>	<u>4,906</u>
Total public support	780	60,200	947,592	419,733
Revenue				
Membership dues	865	-	-	-
Other program fees	4,693	-	224,405	82,038
Fund raiser income	5,608	-	-	-
Auxiliary activities	-	1,006,265	-	-
Investment income	41,865	1	-	-
Other income	35	41,182	20	8,467
Gain on disposition of assets	<u>2,406</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenue	<u>55,472</u>	<u>1,047,448</u>	<u>224,425</u>	<u>90,505</u>
Total public support and revenue	56,252	1,107,648	1,172,017	510,238
Expenses and losses				
Program services	-	1,060,720	1,198,759	692,380
Supporting services				
Management and general	<u>46,704</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenses and losses	<u>46,704</u>	<u>1,060,720</u>	<u>1,198,759</u>	<u>692,380</u>
Excess (deficiency) of public support and revenue over expenses	<u>\$ 9,548</u>	<u>\$ 46,928</u>	<u>\$ (26,742)</u>	<u>\$ (182,142)</u>

<u>Residential Services</u>	<u>Supervised Independent Living</u>	<u>Respite</u>	<u>Eliminations</u>	<u>Total</u>
\$ -	\$ 49,981	\$ 24,899	\$ -	\$ 1,018,345
1,587,789	212,725	1,255,913	-	3,319,081
-	-	-	-	214,000
<u>1,021</u>	<u>-</u>	<u>257</u>	<u>-</u>	<u>9,464</u>
1,588,810	262,706	1,281,069	-	4,560,890
-	-	-	-	865
213,119	-	-	(208,859)	315,396
-	-	-	-	5,608
-	-	-	-	1,006,265
-	-	-	-	41,866
-	-	-	-	49,704
<u>32,658</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,064</u>
<u>245,777</u>	<u>-</u>	<u>-</u>	<u>(208,859)</u>	<u>1,454,768</u>
1,834,587	262,706	1,281,069	(208,859)	6,015,658
1,802,092	166,427	1,046,876	(208,859)	5,758,395
-	-	-	-	46,704
<u>1,802,092</u>	<u>166,427</u>	<u>1,046,876</u>	<u>(208,859)</u>	<u>5,805,099</u>
<u>\$ 32,495</u>	<u>\$ 96,279</u>	<u>\$ 234,193</u>	<u>\$ -</u>	<u>\$ 210,559</u>



GRAGSON, CASIDAY & GUILLORY, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

W. GEORGE GRAGSON, C.P.A.
RICHARD W. CASIDAY, C.P.A.
RAYMOND GUILLORY, JR., C.P.A.
GRAHAM A. PORTUS, E.A.
COY T. VINCENT, C.P.A.
MICHELLE BOURNE, C.P.A.
BRADLEY J. CASIDAY, C.P.A., C.V.A.

JULIA W. PORTUS, C.P.A.
DAWN REDD, C.P.A.
MELONIE L. HIMEL, C.P.A.

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

October 12, 2004

To the Board of Directors
Calcasieu Association for
Retarded Citizens, Inc.

We have audited the financial statements of Calcasieu Association for Retarded Citizens, Inc. as of and for the year ended June 30, 2004, and have issued our report thereon dated October 12, 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.

Compliance

As part of obtaining reasonable assurance about whether Calcasieu 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 Calcasieu 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 and use of the Board of Directors, management and others within the organization, awarding agencies, and the Louisiana Legislative Auditor 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.

Gragson, Casiday & Guillory

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