

**NATCHITOCHESS ASSOCIATION FOR
RETARDED CITIZENS, INC.
ADULT HABILITATION PROGRAM AND
SHELTERED WORKSHOP**

ANNUAL FINANCIAL REPORT

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 1-26-05

Natchitoches Association for Retarded Citizens, Inc.
Adult Habilitation Program and Sheltered Workshop
Annual Financial Report
June 30, 2004

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Natchitoches Association for Retarded Citizens, Inc.
Adult Habilitation Program and Sheltered Workshop
Annual Financial Report
June 30, 2004

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Johnson, Thomas & Cunningham

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Natchitoches Association for Retarded Citizens, Inc.
Natchitoches, LA 71457

We have audited the accompanying statement of financial position of the Natchitoches 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 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 the Natchitoches 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.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying financial information listed as "Supplementary Information" in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our 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*, we have also issued our report dated November 15, 2004, on our consideration of the Natchitoches 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 *Governmental Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Johnson, Thomas & Cunningham

Johnson, Thomas & Cunningham, CPA's

November 15, 2004

Natchitoches, Louisiana

FINANCIAL STATEMENTS

Natchitoches Association for Retarded Citizens, Inc.
Adult Habilitation Program and Sheltered Workshop
Combined Statement of Financial Position
June 30, 2004

ASSETS:	
Cash	\$45,356
Receivables	13,842
Plant and Equipment, Net of Accumulated Depreciation of \$80,376	<u>5,904</u>
Total Assets	<u>\$65,102</u>
LIABILITIES:	
Accounts Payable	\$ 4,756
Payroll and Payroll Taxes Payable	<u>1,069</u>
Total Liabilities	<u>\$ 5,825</u>
NET ASSETS:	
Unrestricted	\$58,940
Temporarily Restricted	<u>337</u>
Total Net Assets	<u>\$59,277</u>
Total Liabilities & Net Assets	<u>\$65,102</u>

The accompanying notes are an integral part of this statement.

Natchitoches Association for Retarded Citizens, Inc.
Adult Habilitation Program and Sheltered Workshop
Combined Statement of Activities
Year Ended June 30, 2004

UNRESTRICTED NET ASSETS:

Support-

Fees-

State of Louisiana, Department of Health and Hospitals, Office for Citizens with Developmental Disabilities	\$189,757
State of Louisiana, Department of Health and Hospitals, Title XIX	15,368
Contract Work	51,037
Soft Drink Sales	3,718
Other	1,119
Net Assets Released from Restrictions- Federal Transit Administration Section 16 Depreciation On Restricted Vans	<u>8,673</u>

Total Revenues, Gains, and Other Support \$269,672

Expenses:

Program Services	\$238,293
Management and General	<u>77,434</u>

Total Expenses \$315,727

Decrease in Unrestricted Net Assets \$ (46,055)

TEMPORARILY RESTRICTED NET ASSETS:

Federal Transit Administration Sec 16- Current Year Depreciation	<u>\$ (8,673)</u>
---	-------------------

Decrease in Temporarily Restricted Net Assets \$ (8,673)

(Decrease) Increase in Net Assets \$ (54,728)

Net Assets-Beginning of Year 114,005

Net Assets-End of Year \$ 59,277

The accompanying notes are an integral part of this statement.

Natchitoches Association for Retarded Citizens, Inc.
Adult Habilitation Program and Sheltered Workshop
Combined Statement of Cash Flows
Year Ended June 30, 2004

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in Net Assets	\$(54,728)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used In) Operating Activities-	
Depreciation	10,780
(Increase)/Decrease in Receivables	(490)
Increase/(Decrease) in Accounts Payable	3,769
Increase/(Decrease) in Payroll and Payroll Taxes Payable	186
Increase/(Decrease) in Other Assets	<u>3,893</u>
Net Cash Provided By/(Used In) Operating Activities	<u>\$(36,590)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of Equipment	<u>\$ (683)</u>
Net Cash Provided By/(Used In) Investing Activities	<u>\$ (683)</u>
Net Increase/(Decrease) in Cash	<u>\$(37,273)</u>
Cash-Beginning of Year	<u>82,629</u>
Cash-End of Year	<u>\$ 45,356</u>

The accompanying notes are an integral part of this statement.

Natchitoches Association for Retarded Citizens, Inc.
Adult Habilitation Program and Sheltered Workshop
Combined Statement of Functional Expenses
Year Ended June 30, 2004

	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
COMPENSATION AND RELATED EXPENSES:			
Officers' Salaries	\$ 0	\$28,702	\$ 28,702
Client Salaries	32,632	0	32,632
Other Salaries	107,301	23,495	130,796
Payroll Taxes	8,208	3,993	12,201
Workman's Compensation Insurance	<u>4,271</u>	<u>1,816</u>	<u>6,087</u>
Total Compensation and Related Expenses	<u>\$152,412</u>	<u>\$58,006</u>	<u>\$210,418</u>
OCCUPANCY EXPENSES:			
Rent	\$ 18,000	\$ 0	\$ 18,000
Repairs and Maintenance	8,719	0	8,719
Utilities	<u>7,343</u>	<u>1,403</u>	<u>8,746</u>
Total Occupancy Expenses	<u>\$ 34,062</u>	<u>\$ 1,403</u>	<u>\$ 35,465</u>
TRANSPORTATION EXPENSES:			
Fuel & Oil	<u>\$ 23,202</u>	<u>\$ 0</u>	<u>\$ 23,202</u>
OTHER EXPENSES:			
Accounting	\$ 0	\$ 4,300	\$ 4,300
Depreciation	7,007	3,773	10,780
Food	494	0	494
Insurance	6,700	3,608	10,308
Recreation	345	0	345
Postage	0	321	321
Repairs and Maintenance-			
Equipment	586	0	586
Soft Drinks	2,636	0	2,636
Supplies-			
Office	0	590	590
Workshop	0	1,878	1,878
Telephone	568	1,055	1,623
Travel	651	0	651
Other	9,620	2,450	12,070
Licenses	<u>10</u>	<u>50</u>	<u>60</u>
Total Other Expenses	<u>\$ 28,617</u>	<u>\$18,025</u>	<u>\$ 46,642</u>
Total Functional Expenses	<u>\$238,293</u>	<u>\$77,434</u>	<u>\$315,727</u>

The accompanying notes are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

Natchitoches Association for Retarded Citizens, Inc.
Adult Habilitation Program and Sheltered Workshop
Notes to Financial Statements
June 30, 2004

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Reporting Entity:

The Natchitoches Association for Retarded Citizens, Inc., is a quasi-governmental, nonprofit organization incorporated March 31, 1981, whose purpose is to promote the general welfare of the mentally retarded, to encourage research related to mental retardation, to advise and aid parents in the solution of their problems, to develop a better understanding by the public, of the problems of mental retardation to cooperate with all agencies and professional groups in the furtherance of these ends, to associate with and support financially the State and National Associations to promote the common cause, to serve locally as a clearinghouse for gathering and providing information regarding the mentally retarded, and to solicit and receive funds for the accomplishment of the stated purposes.

The Association's Adult Habilitation Program and Sheltered Workshop have adopted Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations." Under SFAS No. 117, the Association's Adult Habilitation Program and Sheltered Workshop are 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. In addition, the Association's Adult Habilitation Program and Sheltered Workshop are required to present a statement of cash flows. As permitted by this new statement, the Association has discontinued its use of fund accounting and has, accordingly, reclassified its financial statements to present the three classes of net assets required.

The Association operates two separate divisions. One, the Adult Habilitation Program, receives funding from the State of Louisiana, Department of Health and Hospitals, Office for Citizens with Developmental Disabilities to provide adult day services for a minimum of 22 clients. The other division is the Natchitoches Sheltered Workshop. The Natchitoches Sheltered Workshop is totally self-supportive. Income to the Sheltered Workshop consists solely of revenues earned through contracts with private individuals and companies for the provision of services performed by the clients of the Workshop. No federal financial assistance of any type is received by the Natchitoches Sheltered Workshop.

2. Promises to Give:

Contributions are recognized when a donor makes a promise to give to the Association's Adult Habilitation Program and Sheltered Workshop that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are reported or as increases in temporary or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Natchitoches Association for Retarded Citizens, Inc.
Adult Habilitation Program and Sheltered Workshop
Notes to Financial Statements
June 30, 2004

3. 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.

4. Property, Plant, and Equipment:

Donations of property, plant, and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose.

Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. When donor stipulations are absent regarding how long those donated assets must be maintained, the Association's Adult Habilitation Program and Sheltered Workshop report expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Association's Adult Habilitation Program and Sheltered Workshop reclassify temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method.

5. Contributions:

The Association's Adult Habilitation Program and Sheltered Workshop have also elected, in 1995, to adopt SFAS No. 116, "Accounting for Contributions Received and Contributions Made". 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.

6. Income Taxes:

The Natchitoches Association for Retarded Citizens, Inc.'s Adult Habilitation Program and Sheltered Workshop are exempt from income taxes under Internal Revenue Code Section 501(c)(3).

7. Cash and Cash Equivalents:

Cash and cash equivalents include all monies in banks and highly liquid investments with maturity dates of less than three months. At June 30, 2004, the Association had no investments.

Natchitoches Association for Retarded Citizens, Inc.
 Adult Habilitation Program and Sheltered Workshop
 Notes to Financial Statements
 June 30, 2004

NOTE 2 RESTRICTIONS ON ASSETS

Restrictions on assets at June 30, 2004, relate to vans obtained by the Association through Section 16 of the Federal Transit Act which provides for capital grants for the specific purpose of assistance in providing transportation services to meet the special needs of elderly and disabled persons for whom mass transportation services are unavailable, insufficient, or inappropriate. The program is administered by the Louisiana Department of Transportation and Development. The vans obtained with these funds must be used for transportation services to the elderly and disabled within the Association's service area. The Department of Transportation and Development must be immediately notified if the equipment is not used in the aforementioned manner or if it is withdrawn from service. Disposition of the vehicle must have DOTD approval and must be in conformance with the provisions of OMB Circular A-102, Attachment N. Dispositions must be at current market value and a portion of the funds received must be returned in proportion to the original percentage of Federal funds contributed.

It is the policy of the Association's Adult Habilitation Program to amortize the asset restricted over its estimated useful life using the straight-line method.

NOTE 3 CASH

Cash is summarized as follows:

Petty Cash	\$ 100
Demand Deposit Accounts	20,966
Interest Bearing Accounts	<u>24,290</u>
Total	<u>\$45,356</u>

At June 30, 2004, the carrying amount of the Association's cash deposits was \$45,356 and the bank's balance was \$55,654. All of the bank's deposit balance was covered by federal deposit insurance.

NOTE 4 RECEIVABLES

The Natchitoches Association for Retarded citizens, Inc.'s Adult Habilitation Program entered into a contract on March 5, 2003, with the State of Louisiana, Department of Health and Hospitals, Office for Citizens with Developmental Disabilities to provide habilitation programming to a minimum of 22 clients during the period July 1, 2003 to June 30, 2004. At the end of each month, a payment requisition is forwarded to the Office of Community Services requesting payment for services provided to clients during the month ended. As the majority of funds received are from the State of Louisiana and contracts, and the Association historically has had no uncollectable amounts, no allowance for uncollectable receivables is provided.

Natchitoches Association for Retarded Citizens, Inc.
 Adult Habilitation Program and Sheltered Workshop
 Notes to Financial Statements
 June 30, 2004

Receivables at June 30, 2004, consisted of the following:

State of La., Department of Health and Hospitals Office for Citizens with Developmental Disabilities	\$10,546
State of La., Department of Health and Hospitals, Title XIX	<u>3,296</u>
Total	<u>\$13,842</u>

NOTE 5 PLANT AND EQUIPMENT

All plant and equipment are stated at historical cost. Depreciation is charged as an expense against operations and has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Furniture and Fixtures	7-10 years
Automobiles	5 years
Machinery and Equipment	5-7 years

A summary of plant and equipment at June 30, 2004, is presented below:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net</u>	<u>Depreciation This Year</u>
Furniture & Fixtures	\$31,627	\$28,115	\$3,512	\$ 1,197
Automobiles	33,453	33,116	337	8,673
Building & Equipment	<u>21,201</u>	<u>19,145</u>	<u>2,056</u>	<u>910</u>
Total	<u>\$86,281</u>	<u>\$80,376</u>	<u>\$5,905</u>	<u>\$10,780</u>

The Association's Adult Habilitation Program automobiles were partially funded by Urban Mass Transportation Capital Improvement Grants and are subject to the applicable restrictions described in Note 2.

Maintenance and repairs are charged to operations when incurred. Betterments and renewals are capitalized. When plant and equipment are sold or otherwise disposed of, the asset account and related accumulated depreciation account are relieved, and any gain or loss is included in activities.

NOTE 6 LEASE OBLIGATIONS

The Natchitoches Association for Retarded Citizens, Inc.'s Adult Habilitation Program and Sheltered Workshop rents its premises under an operating lease. The lease is for a one-year term ending on June 30, 2004, with an option for a one-year renewal.

Natchitoches Association for Retarded Citizens, Inc.
 Adult Habilitation Program and Sheltered Workshop
 Notes to Financial Statements
 June 30, 2004

Future minimum rental payments under this operating lease are \$18,000 for the fiscal year ending June 30, 2005.

The Natchitoches Association for Retarded Citizens, Inc.'s Adult Habilitation Program and Sheltered Workshop are not participating in any capital lease arrangements.

NOTE 7 EMPLOYEE RETIREMENT SYSTEMS

The Natchitoches Association for Retarded Citizens, Inc. does not have or sponsor an employee retirement plan. All employees of the Association's Adult Habilitation Program and Sheltered Workshop are protected by the Social Security System.

NOTE 8 COMPENSATED ABSENCES

The Association's Adult Habilitation Program and Sheltered Workshop employees are entitled to certain compensated absences based on their length of employment. Each salaried employee accrues leave according to the State Civil Service guidelines, based on length of service as follows:

<u>Full-Time Employment</u>	<u>Days Earned Per Year</u>
0-3 Years	12
3-5 Years	15
5-10 Years	18
10-15 Years	21
More Than 15 Years	24

These are considered personal leave days and may be used for any purpose the employee desires. No distinction is made between annual and sick leave. Leave earned in one fiscal year cannot be carried over to a subsequent year. Employees are also entitled to compensatory time on an hour-for-hour basis for approved overtime. Compensatory time not used in the fiscal period that it is earned cannot be carried over to the next fiscal year and will be forfeited.

Compensated absences do not vest or accumulate and are recorded as expenditures when they are paid.

Natchitoches Association for Retarded Citizens, Inc.
Adult Habilitation Program and Sheltered Workshop
Notes to Financial Statements
June 30, 2004

NOTE 9 LITIGATION

According to management, the Natchitoches Association for Retarded Citizens, Inc.'s Adult Habilitation Program and Sheltered Workshop were not involved in any litigation as of June 30, 2004.

NOTE 10 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

The Natchitoches Association for Retarded Citizens, Inc.'s Adult Habilitation Program entered into a contract with the State of Louisiana Department of Health and Hospitals, Office of Human Services to provide adult habilitation services. Transactions of the Association's Adult Habilitation Program were made in accordance with the requirements contained in *Formula Funding and Guidelines for Allowable Costs in Adult Habilitation Services Contracted with the Division of Mental Retardation and Developmental Disabilities*. All contract services invoiced under this contract were not recovered under any other contract.

NOTE 11 BOARD OF DIRECTORS

Members of the Board of Directors participate on a voluntary basis and receive no compensation for their services.

NOTE 12 ECONOMIC DEPENDENCY

The Association receives the majority of its revenue from funds provided through grants administered by the Louisiana Department of Health and Hospitals (DHH). The grant amounts are appropriated each year by the state government. If significant budget cuts are made at the state level, the amount of the funds the Association receives could be reduced significantly. These conditions could have an adverse impact on its operations. Management is not aware of any actions that will adversely affect the amount of funds the Association will receive in the next fiscal year.

SUPPLEMENTARY INFORMATION

Natchitoches Association for Retarded Citizens, Inc.
 Adult Habilitation Program and Sheltered Workshop
 Adult Habilitation Program
 Statement of Financial Position
 June 30, 2004
 With Comparative Amounts as of June 30, 2003

	<u>2004</u>	<u>2003</u>
ASSETS:		
Cash	\$24,390	\$47,851
Receivables-		
<i>State of Louisiana, Department of Health and Hospitals,</i>		
Office for Citizens with Developmental Disabilities	10,546	12,223
<i>State of Louisiana, Department of Health and Hospitals,</i>		
Title XIX	3,296	1,129
Plant and Equipment, Net of Accumulated Depreciation for 2004 and 2003 of \$61,231 and \$74,722, respectively	<u>3,849</u>	<u>17,612</u>
Total Assets	<u>\$42,081</u>	<u>\$78,815</u>
LIABILITIES:		
Accounts Payable	\$ 1,705	\$ 786
Payroll Taxes Payable	<u>1,064</u>	<u>883</u>
Total Liabilities	<u>\$ 2,769</u>	<u>\$ 1,669</u>
NET ASSETS:		
Unrestricted	\$38,975	\$54,375
Temporarily Restricted	<u>337</u>	<u>22,771</u>
Total Net Assets	<u>\$39,312</u>	<u>\$77,146</u>
Total Liabilities & Net Assets	<u>\$42,081</u>	<u>\$78,815</u>

Natchitoches Association for Retarded Citizens, Inc.
Adult Habilitation Program and Sheltered Workshop
Adult Habilitation Program
Statement of Activities
Year Ended June 30, 2004
With Comparative Amounts from Year Ended June 30, 2003

	<u>2004</u>	<u>2003</u>
UNRESTRICTED NET ASSETS:		
Support-		
Fees-		
State of Louisiana, Department of Health and Hospitals, Office for Citizens with Developmental Disabilities	\$189,757	\$192,424
State of Louisiana, Department of Health and Hospitals, Title XIX	15,368	17,415
Other	784	643
Net Assets Released from Restrictions-		
Federal Transit Administration Section 16 Depreciation on Restricted Vans	<u>8,673</u>	<u>8,673</u>
Total Revenues, Gains, and Other Support	<u>\$214,582</u>	<u>\$219,155</u>
Expenses-		
Program Services	\$170,039	\$165,244
Management and General	<u>73,704</u>	<u>66,729</u>
Total Expenditures	<u>\$243,743</u>	<u>\$231,973</u>
(Decrease) in Unrestricted Net Assets	<u>\$ (29,161)</u>	<u>\$ (12,818)</u>
TEMPORARILY RESTRICTED NET ASSETS:		
Federal Transit Administration Sec 16 Current Year Depreciation	<u>\$ (8,673)</u>	<u>\$ (8,673)</u>
Decrease in Temporarily Restricted Net Assets	<u>\$ (8,673)</u>	<u>\$ (8,673)</u>
(Decrease) in Net Assets	<u>\$ (37,835)</u>	<u>\$ (21,491)</u>
Net Assets-Beginning of Year	<u>77,146</u>	<u>98,637</u>
Net Assets-End of Year	<u>\$ 39,312</u>	<u>\$ 77,146</u>

Natchitoches Association for Retarded Citizens, Inc.
Adult Habilitation Program and Sheltered Workshop
Adult Habilitation Program
Statement of Cash Flows
Year Ended June 30, 2004
With Comparative Amounts from Year Ended June 30, 2003

	<u>2004</u>	<u>2003</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$(37,835)	\$(21,491)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used In) Operating Activities-		
Depreciation	9,870	10,129
(Increase)/Decrease in Receivables	(490)	3,688
Increase/(Decrease) in Accounts Payable	519	100
Increase/(Decrease) in Payroll Taxes Payable	181	(120)
Increase/(Decrease) in Other Assets	<u>4,294</u>	<u>0</u>
Net Cash Provided By/(Used In) Operating Activities	\$(23,461)	\$ (7,694)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Equipment	\$ <u>0</u>	\$ (1,266)
Net Cash Provided By/(Used In) Investing Activities	\$ <u>0</u>	\$ (1,266)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal Payment on Note Payable	\$ <u>0</u>	\$ <u>0</u>
Net Cash Provided By/(Used In) Financing Activities	\$ <u>0</u>	\$ <u>0</u>
Net Increase/(Decrease) in Cash	\$(23,461)	\$ (8,960)
Cash-Beginning of Year	<u>47,851</u>	<u>56,811</u>
Cash-End of Year	<u>\$ 24,390</u>	<u>\$ 47,851</u>

Natchitoches Association for Retarded Citizens, Inc.
Adult Habilitation Program and Sheltered Workshop
Adult Habilitation Program
Statement of Functional Expenses
Year Ended June 30, 2004

	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
COMPENSATION AND RELATED EXPENSES:			
Officers' Salaries	\$ 0	\$28,702	\$ 28,702
Other Salaries	96,938	23,495	120,433
Payroll Taxes	7,416	3,993	11,409
Workman's Compensation Insurance	<u>3,373</u>	<u>1,816</u>	<u>5,189</u>
Total Compensation and Related Expenses	<u>\$107,727</u>	<u>\$58,006</u>	<u>\$165,733</u>
OCCUPANCY EXPENSES:			
Rent	\$ 18,000	\$ 0	\$ 18,000
Repairs and Maintenance	7,822	0	7,822
Utilities	<u>4,737</u>	<u>0</u>	<u>4,737</u>
Total Occupancy Expenses	<u>\$ 30,559</u>	<u>\$ 0</u>	<u>\$ 30,559</u>
TRANSPORTATION EXPENSES:			
Fuel & Oil	<u>\$ 15,079</u>	<u>\$ 0</u>	<u>\$ 15,079</u>
OTHER EXPENSES:			
Accounting	\$ 0	\$ 4,300	\$ 4,300
Depreciation	6,415	3,545	9,960
Insurance	6,700	3,608	10,308
Licenses	0	50	50
Telephone	0	1,392	1,392
Other	<u>3,559</u>	<u>2,803</u>	<u>6,362</u>
Total Other Expenses	<u>\$ 16,674</u>	<u>\$15,698</u>	<u>\$ 32,372</u>
Total Functional Expenses	<u>\$170,039</u>	<u>\$73,704</u>	<u>\$243,743</u>

Natchitoches Association for Retarded Citizens, Inc.
Adult Habilitation Program and Sheltered Workshop
Sheltered Workshop
Statement of Financial Position
June 30, 2004
With Comparative Amounts as of June 30, 2003

	<u>2004</u>	<u>2003</u>
ASSETS:		
Cash	\$20,966	\$34,778
Plant and Equipment, Net of Accumulated Depreciation for 2004 and 2003 of \$19,145 and \$18,235, Respectively	<u>2,055</u>	<u>2,281</u>
Total Assets	<u>\$23,021</u>	<u>\$37,059</u>
LIABILITIES AND NET ASSETS:		
LIABILITIES:		
Accounts Payable	\$ 3,051	\$ 201
Payroll Taxes Payable	<u>5</u>	<u>0</u>
Total Liabilities	\$ 3,056	\$ 201
NET ASSETS:		
Unrestricted	<u>19,965</u>	<u>36,858</u>
Total Liabilities and Net Assets	<u>\$23,021</u>	<u>\$37,059</u>

Natchitoches Association for Retarded Citizens, Inc.
 Adult Habilitation Program and Sheltered Workshop
 Sheltered Workshop
 Statement of Activities
 Year Ended June 30, 2004
 With Comparative Amounts from Year Ended June 30, 2003

	<u>2004</u>	<u>2003</u>
UNRESTRICTED NET ASSETS:		
Support-		
Contract Work	\$ 51,037	\$54,030
Soft Drink Sales	3,718	3,347
Other	<u>335</u>	<u>140</u>
Total Revenues, Gains, and Other Support	<u>\$ 55,090</u>	<u>\$57,517</u>
Expenses-		
Program Services	\$ 68,254	\$47,429
Management and General	<u>3,729</u>	<u>4,131</u>
Total Expenses	<u>\$ 71,983</u>	<u>\$51,560</u>
Increase (Decrease) in Net Assets	\$(16,893)	\$ 5,957
Net Assets-Beginning of Year	<u>36,858</u>	<u>30,901</u>
Net Assets-End of Year	<u>\$ 19,965</u>	<u>\$36,858</u>

Natchitoches Association for Retarded Citizens, Inc.
Adult Habilitation Program and Sheltered Workshop
Sheltered Workshop
Statement of Cash Flows
Year Ended June 30, 2004
With Comparative Amounts from Year Ended June 30, 2003

	<u>2004</u>	<u>2003</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$(16,893)	\$ 5,957
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities-		
Depreciation	910	910
Increase/(Decrease) in Accounts Payable	2,850	79
Increase/(Decrease) in Payroll Payable	<u>5</u>	<u>0</u>
Net Cash Provided By/(Used In) Operating Activities	<u>\$(13,128)</u>	<u>\$ 6,946</u>
CASH FLOWS PROVIDED BY/(USED IN) INVESTING ACTIVITIES:		
Purchase of Equipment	\$ <u>(684)</u>	\$ <u>(497)</u>
Net Cash Provided By/(Used In) Investing Activities	<u>\$ (684)</u>	<u>\$ (497)</u>
Net Increase (Decrease) in Cash	\$(13,812)	\$ 6,449
Cash-Beginning of Year	<u>34,778</u>	<u>28,329</u>
Cash-End of Year	<u>\$ 20,966</u>	<u>\$34,778</u>

Natchitoches Association for Retarded Citizens, Inc.
Adult Habilitation Program and Sheltered Workshop
Sheltered Workshop
Statement of Functional Expenses
Year Ended June 30, 2004

	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
COMPENSATION AND RELATED EXPENSES:			
Client Salaries	\$32,632	\$ 0	\$32,632
Workman's Compensation Insurance	898	0	898
Other Salaries	10,364	0	10,364
Payroll Taxes	<u>793</u>	<u>0</u>	<u>793</u>
 Total Compensation and Related Expenses	 <u>\$44,687</u>	 <u>\$ 0</u>	 <u>\$44,687</u>
OTHER EXPENSES:			
Depreciation	\$ 591	\$ 319	\$ 910
Food	494	0	494
Telephone & Utilities	3,661	1,971	5,632
Postage	0	228	228
Repairs and Maintenance-			
Building and Grounds	896	0	896
Equipment	531	0	531
Office Supplies	0	498	498
Soft Drinks	2,636	0	2,636
Recreation	345	0	345
Travel	651	0	651
Other	<u>13,762</u>	<u>714</u>	<u>14,476</u>
 Total Other Expenses	 <u>\$23,567</u>	 <u>\$3,730</u>	 <u>\$27,297</u>
 Total Functional Expenses	 <u>\$68,254</u>	 <u>\$3,730</u>	 <u>\$71,984</u>

INTERNAL CONTROL AND COMPLIANCE

Johnson, Thomas & Cunningham
Certified Public Accountants

Eddie G. Johnson, CPA – A Professional Corporation (1962-1996)

Mark D. Thomas, CPA – A Professional Corporation
Roger M. Cunningham, CPA – A Professional Corporation

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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*

To the Board of Directors of
Natchitoches Association for Retarded Citizens, Inc.
Natchitoches, LA 71457

We have audited the financial statements of the Natchitoches Association for Retarded Citizens, Inc. as of and for the year ended June 30, 2004, and have issued our report thereon dated November 15, 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 the Natchitoches 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 Financing Reporting

In planning and performing our audit, we considered the Natchitoches 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 the management of the Natchitoches Association for Retarded Citizens and the Legislative Auditor of the State of Louisiana, others within the organization and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Johnson, Thomas & Cunningham

Johnson, Thomas & Cunningham, CPA's

November 15, 2004
Natchitoches, Louisiana

Natchitoches Association for Retarded Citizens, Inc.
Adult Habilitation Program and Sheltered Workshop
Board of Directors
June 30, 2004

President	Patricia Roshto
Vice-President	Idell W. Snowden
Secretary/Treasurer	Wayne King
Board Members	Mary Ann King
	W. D. Braxton
	Effie Benjamin
	Herbert V. Baptiste, Sr.
Director	Laura Thomas