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CATAHOULA ASSOCIATION OF RETARDED CITIZENS, INC.
Jonesville, Louisiana

Financial Statements and Auditor's Report

June 30, 2004

(With Comparative Figures for June 30, 2003)

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 9-15-04

JERI SUE TOSSPON
Certified Public Accountant

CATAHOULA ASSOCIATION OF RETARDED CITIZENS, INC.
Jonesville, Louisiana

Financial Statements and Auditor's Report

June 30, 2004
(With Comparative Figures for June 30, 2003)

CATAHOULA ASSOCIATION OF RETARDED CITIZENS, INC.

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SECTION I
FINANCIAL STATEMENTS
REPORT ON FINANCIAL STATEMENTS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Catahoula Association of Retarded Citizens, Inc.
Jonesville, Louisiana

I have audited the accompanying statement of financial position of the Catahoula Association of Retarded Citizens, Inc. (a non-profit corporation), 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 Association's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my 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 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 statements presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Association, as of June 30, 2004, and the results of its changes in net assets and 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*, I have also issued my report dated August 5, 2004, on my consideration of Catahoula Association of Retarded Citizens, Inc.'s internal control over financial reporting and my 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 my audit.



Ferriday, Louisiana
August 5, 2004

CATAHOULA ASSOCIATION OF RETARDED CITIZENS, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2004
(With Comparative Totals at June 30, 2003)

	General Fund	Work Activity Fund	Association Fund	June 30,	
				2004 Total	2003 Total
ASSETS					
Cash on hand and in banks	\$ 15,392	\$ 4,121	\$ 53	\$ 19,566	\$ 18,721
Cash in savings	4,589		3,016	7,605	6,230
Accounts receivable	17,298	304		17,602	10,639
Interfund loans			660	660	660
Utility deposits	295			295	295
Fixed assets (Net) (Note 3)	58,743	8,895		67,638	5,314
Total Assets	\$ 96,317	\$ 13,320	\$ 3,729	\$ 113,366	\$ 41,859
 LIABILITIES AND NET ASSETS					
Liabilities					
Accounts payable	\$ 968			\$ 968	\$ 1,034
Accrued payroll taxes	1,456	\$ 410		1,866	1,963
Interfund loans	660			660	660
Notes payable (Note 4)	1,793			1,793	
Total Liabilities	\$ 4,877	\$ 410	\$ 0	\$ 5,287	\$ 3,657
Net Assets					
General fund	\$ 91,440			\$ 91,440	\$ 29,326
Work activity fund		\$ 12,910		12,910	5,158
Association fund			\$ 3,729	3,729	3,718
Total Net Assets	\$ 91,440	\$ 12,910	\$ 3,729	\$ 108,079	\$ 38,202
Total Liabilities and Net Assets	\$ 96,317	\$ 13,320	\$ 3,729	\$ 113,366	\$ 41,859

See accompanying notes to financial statements.

CATAHOULA ASSOCIATION OF RETARDED CITIZENS, INC.
STATEMENT OF ACTIVITY AND NET ASSETS
YEAR ENDED JUNE 30, 2004
(With Comparative Totals for the Year Ended June 30, 2003)

	General Fund	Work Activity Fund	Association Fund	Year Ended June 30,	
				2004 Total	2003 Total
SUPPORT AND SERVICE FEES					
State contracts (Note 5)	\$ 133,209			\$ 133,209	\$ 114,853
Federal funds - UMTA Grants	47,215			47,215	
Total Support	\$ 180,424	\$ 0	\$ 0	\$ 180,424	\$ 114,853
REVENUE					
Work activity projects		\$ 19,907		\$ 19,907	\$ 15,913
State use cleaning contract		27,106		27,106	28,594
Interest	\$ 63		\$ 11	74	122
Donations					
Other					
Total Revenue	\$ 63	\$ 47,013	\$ 11	\$ 47,087	\$ 44,629
Total Support and Revenue	\$ 180,487	\$ 47,013	\$ 11	\$ 227,511	\$ 159,482
EXPENSES (Note 7)					
Salaries and client wages	\$ 70,475	\$ 26,960		\$ 97,435	\$ 96,704
Payroll taxes	5,558	2,062		7,620	7,611
Telephone	1,426			1,426	3,726
Postage	333			333	392
Insurance	7,529			7,529	5,859
Transportation	6,576	211		6,787	7,535
In-service	648			648	901
Office supply	686			686	452
Utilities	4,408			4,408	4,670
Rent	6,600			6,600	6,600
Maintenance and cleaning	1,384			1,384	1,229
Workman's compensation	1,889	1,678		3,567	3,098
Depreciation	3,246	2,395		5,641	4,002
Interest	127			127	
Supplies		2,849		2,849	2,860
Audit	1,600			1,600	1,600
State use fees		1,654		1,654	1,745
Other	890	1,452		2,342	676
QMRP contract expenditures	4,998			4,998	4,614
Total Expenses	\$ 118,373	\$ 39,261	\$ 0	\$ 157,634	\$ 154,274
Net Increase (Decrease) in Net Asset:	\$ 62,114	\$ 7,752	\$ 11	\$ 69,877	\$ 5,209
Net Assets, Beginning of Year	29,326	5,158	3,718	38,202	32,993
Net Assets, End of Year	\$ 91,440	\$ 12,910	\$ 3,729	\$ 108,079	\$ 38,202

See accompanying notes to financial statements.

CATAHOULA ASSOCIATION OF RETARDED CITIZENS, INC.
STATEMENT OF CASH FLOWS
TOTAL ALL FUNDS
YEAR ENDED JUNE 30, 2004
(With Comparative Totals for the Year Ended June 30, 2003)

	Year Ended June 30,	
	2004	2003
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 69,877	\$ 5,209
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation	5,641	4,002
In kind grant of motor vehicles	(47,215)	
(Increase) decrease in:		
Accounts receivable	(6,963)	(1,302)
Accounts payable	(66)	218
Accrued payroll tax	(95)	232
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 21,179	\$ 8,359
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of equipment	\$ (20,752)	\$ (1,084)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	\$ (20,752)	\$ (1,084)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in debt from borrowing	\$ 3,000	
Reduction of debt	(1,207)	
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	\$ 1,793	\$ 0
NET INCREASE (DECREASE) IN CASH	\$ 2,220	\$ 7,275
CASH AT BEGINNING OF YEAR	24,951	17,676
CASH AT END OF YEAR	\$ 27,171	\$ 24,951
 (Note: Interest paid in year ended June 30, 2004 and 2003)	 \$ 127	 \$ 0

See accompanying notes to financial statements.

CATAHOULA ASSOCIATION OF RETARDED CITIZENS, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2004

NOTE 1 - CATAHOULA ASSOCIATION OF RETARDED CITIZENS, INC.

Catahoula Association of Retarded Citizens, Inc., (CARC) was organized in 1981 to promote the general welfare of retarded citizens wherever they may be, and, specifically, to provide as normal a work and learning atmosphere in the least restrictive environment for retarded adults in Catahoula Parish. The Association receives funding from the State of Louisiana, Office of Mental Retardation for Adult Day Services, performs services under its Work Activity Program, and receives nominal funds for other activities from memberships and contributions. In 1992, the Association was enrolled as a provider in the Louisiana Medical Assistance Program and provides services to qualified clients under this program.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Fund Accounting

In order to ensure observance of limitations and restrictions placed on the use of resources available to CARC, the accounts are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purpose. Separate accounts are maintained for each fund and, accordingly, all financial transactions have been recorded and reported in the following fund groups:

General Fund - Resources are provided under a contract from the State of Louisiana, based on the days of service provided, a contract covering clients under the Louisiana Medicaid Program (Title XIX), and by other sources such as interest. Expenditures are of a nature of those specified by the State in Guidelines for Allowable Costs from the Office for Citizens with Developmental Disabilities, except as noted hereafter.

Work Activity Fund - Resources are provided as fees for services performed by the clients and interest and are used to pay wages to the clients and buy such supplies as needed for these services.

Association Fund - Resources are provided from memberships, contributions and interest and are generally unrestricted as to their use.

B. Income Tax Status

The Association qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, therefore, has no provision for income taxes.

NOTE 3 - FIXED ASSETS AND DEPRECIATION

Fixed assets consist of the cost of two vans purchased through the State of Louisiana, DOTD, under a UMTA grant for transportation of the elderly and handicapped, a copy machine and an air conditioner. In 1994, the Association obtained a riding mower and trailer with funds provided under a separate grant from the State of Louisiana. Work Activity fixed assets consists mainly of two vans purchased in 1994. Ownership of all fixed assets of the Association, other than two of the vans, would revert to the Department of Health and Hospitals, Office of Mental Retardation, if the Association was to cease to function. The DOTD holds a reversionary interest in two of the vans. Depreciation is provided on a straight-line basis over the useful lives of the assets.

	<u>General Fund</u>	<u>Work Activity Fund</u>
Fixed Assets	\$79,531	\$12,719
Accumulated Depreciation	<u>20,788</u>	<u>3,824</u>
Net Fixed Assets	<u>\$58,742</u>	<u>\$ 8,895</u>

NOTE 4 - NOTES PAYABLE

Notes payable consists of the following:

Southern Heritage Bank - secured by the Association, bearing interest of 6.5%, payments of \$133.37 per month, all of which is a current liability

\$1,793

NOTE 5 - STATE CONTRACTS

The Association received funds from a programs under the Office of Mental Retardation, State of Louisiana and the Louisiana Medicaid Assistance Program as follows:

Adult Day Program	\$101,543
Louisiana Medical Assistance Program	<u>31,666</u>
	<u>\$133,209</u>

NOTE 6 - EXPENDITURES

Expenditures in the general fund were made in accordance with the specifications listed by the Office for Citizens with Developmental Disabilities in their Guidelines for Allowable Costs for Adult Day Services for Persons with Developmental Disabilities.

NOTE 7 - DIRECTOR'S FEES

No fees or reimbursements were paid to directors in the years ended June 30, 2004 or 2003.

NOTE 8 - RETIREMENT

The employees of the Association are not covered by any retirement plan.

SECTION II

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL

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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
Catahoula Association of Retarded Citizens, Inc.
Jonesville, Louisiana

I have audited the financial statements of Catahoula Association of Retarded Citizens, Inc., as of June 30, 2004, and for the year then ended, and have issued my report thereon dated August 5, 2004. I conducted my audit in accordance with auditing standards generally accepted in the United States of America 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

As part of obtaining reasonable assurance about whether Catahoula Association of Retarded Citizens, Inc.'s financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contract 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 my audit and, 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*.

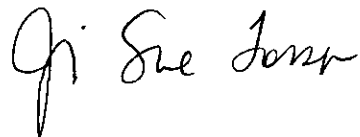
Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements of the Association, I considered its internal control structure in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control structure would not necessarily disclose all matters in the internal control structure 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

To the Board of Directors
Catahoula Association of Retarded Citizens, Inc.
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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. I noted no matters involving the internal control structure and its operation that I consider to be material weaknesses as defined above.

This report is intended for the information of management and the Legislative Auditor of the State of Louisiana. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

A handwritten signature in cursive script that reads "G. Sue Jones".

Ferriday, Louisiana
August 5, 2004