

WEST CARROLL PARISH ASSOCIATION FOR RETARDED CITIZENS, INC.
OAK GROVE, LOUISIANA

FINANCIAL REPORT

June 30, 2001

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 7/16/02

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HILL, INZINA & COMPANY

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

Board of Directors
West Carroll Parish Association for Retarded Citizens, Inc.
Oak Grove, Louisiana

We have audited the accompanying statement of financial position of West Carroll Parish Association for Retarded Citizens, Inc., (a nonprofit organization) as of June 30, 2001, and the related statements of activities, cash flows, and functional expenses for the year then ended. These financial statements are the responsibility of the management of West Carroll Parish Association for Retarded Citizens, Inc.. 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 evaluation 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 West Carroll Parish Association for Retarded Citizens, Inc., as of June 30, 2001, and the changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2001, on our consideration of West Carroll parish Association for Retarded Citizens, Inc.'s internal control over financial reporting and on 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.

Hill, Inzina & Co.
November 30, 2001

FINANCIAL STATEMENTS

WEST CARROLL PARISH ASSOCIATION FOR RETARDED CITIZENS, INC.
OAK GROVE, LOUISIANA

STATEMENT OF FINANCIAL POSITION
June 30, 2001

ASSETS

Cash	\$ 54,707
Investments	93,294
Accounts receivable	17,029
Accrued interest	3,835
Property and equipment (net)	<u>67,382</u>
Total assets	<u>\$ 236,247</u>

NET ASSETS

Net assets - unrestricted	<u>\$ 236,247</u>
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See notes to financial statements.

WEST CARROLL PARISH ASSOCIATION FOR RETARDED CITIZENS, INC.
OAK GROVE, LOUISIANA

STATEMENT OF ACTIVITIES - UNRESTRICTED
Year Ended June 30, 2001

Revenues and other support:	
Contributions	\$ 3,466
Fees:	
Department of Health and Hospitals	106,983
Title XIX	33,465
Other providers	31,090
Program receipts	40,902
Interest and miscellaneous	6,910
	<u>\$ 222,816</u>
Expenses:	
Program	\$ 193,508
Management and general	37,653
	<u>\$ 231,161</u>
Increase (decrease) in net assets	\$ (8,345)
Net assets - unrestricted - beginning	<u>244,592</u>
Net assets - unrestricted - ending	<u>\$ 236,247</u>

See notes to financial statements.

WEST CARROLL PARISH ASSOCIATION FOR RETARDED CITIZENS, INC.
OAK GROVE, LOUISIANA

STATEMENT OF CASH FLOWS
Year Ended June 30, 2000

CASH FLOWS FROM OPERATING ACTIVITIES	
Increase (decrease) in net assets - unrestricted	\$(8,345)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:	
Depreciation	11,876
(Increase) decrease in accounts receivable	(3,833)
Increase (decrease) in accrued interest	<u>314</u>
Net cash flows provided by operating activities	\$ 12
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of investments	<u>(5,639)</u>
Net increase (decrease) in cash	\$(5,627)
Cash - beginning	<u>60,334</u>
Cash - ending	<u><u>\$ 54,707</u></u>

See notes to financial statements.

WEST CARROLL PARISH ASSOCIATION FOR RETARDED CITIZENS, INC.
OAK GROVE, LOUISIANA

STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2001

	<u>Program</u>	<u>Management and General</u>	<u>Totals</u>
Consulting	\$ -	\$ 800	\$ 800
Depreciation	-	11,876	11,876
Insurance	21,663	-	21,663
Legal and accounting	-	5,719	5,719
Miscellaneous	-	380	380
Office and postage	691	-	691
Repairs and maintenance	8,714	-	8,714
Salaries	134,055	16,793	150,848
Supplies	5,852	-	5,852
Taxes - payroll	10,252	1,285	11,537
Telephone	291	-	291
Training	-	800	800
Transportation	7,374	-	7,374
Utilities	4,616	-	4,616
	<u>\$ 193,508</u>	<u>\$ 37,653</u>	<u>\$ 231,161</u>

See notes to financial statements.

WEST CARROLL PARISH ASSOCIATION FOR RETARDED CITIZENS, INC.
OAK GROVE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2001

Note 1. Organization and Summary of Significant Accounting Policies

Organization:

West Carroll Parish Association for Retarded Citizens, Inc., (the "Association") is a nonprofit organization which was chartered on January 23, 1598, to promote the general welfare of mentally retarded persons.

The Association is governed by eight non-compensated directors who serve two-year terms on a rotating basis.

Basis of Presentation:

The financial statements of the Association have been prepared in conformity with generally accepted accounting principles (GAAP).

Basis of Accounting:

The financial statements have been prepared on the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recognized when the related liabilities are incurred.

Cash:

Cash is reported at net book value - the June 30, 2001, bank balance plus deposits in transit and less checks that have not cleared the bank as of that date.

Investments:

Investments consist of certificates of deposit which are stated at cost plus interest earned and received to date, which approximates market. If the original maturities of time deposits exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

NOTES TO FINANCIAL STATEMENTS

Income taxes:

The system is exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3). In addition, the Association has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Code.

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.

Uncollectible Allowance:

The statements contain no provision for uncollectible accounts. Management is of the opinion that such allowance would be immaterial in relation to the financial statements taken as a whole.

Property and Equipment:

Property and equipment purchased or constructed are stated at historical cost. Donated property and equipment are stated at fair value at the date of donation. The Association has elected not to imply a time restriction on donated property and equipment.

Depreciation expense is provided on buildings and equipment on the straight-line method over the following estimated useful lives:

Buildings and improvements	10 - 35 years
Equipment	5 - 15 years
Vehicles	5 years

Maintenance and repairs of property and equipment are charged to operations while major improvements are capitalized. Upon retirement, sale, or other disposition of property and equipment, the cost and accumulated depreciation are removed from the accounts and gain or loss is included in operations.

NOTES TO FINANCIAL STATEMENTS

Revenues and Other Support:

Revenues received under programs funded by the State of Louisiana are recorded as revenue when the Association has incurred expenditures in compliance with the specific restrictions. Contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

Functional Expenses:

Expenses are charged directly to "Program" or "Management and General" categories based on specific identification.

Contributed Services:

The Association receives a substantial amount of services donated by its members in carrying out the Association's operations. No amounts have been reflected in the financial statements for those services as they do not meet the criteria for recognition under SFAS 116, *Accounting for Contributions Received and Contributions Made*.

Note 2. Property and Equipment

A summary of the categories and applicable depreciation at June 30, 2001, is as follows:

<u>Category</u>	<u>Cost</u>	<u>Current Depreciation</u>	<u>Accumulated Depreciation</u>
Land	\$ 26,361	\$ -	\$ -
Buildings and improvements	34,911	1,374	25,524
Equipment	27,564	1,656	20,972
Vehicles	<u>62,046</u>	<u>8,846</u>	<u>37,004</u>
	<u>\$ 150,882</u>	<u>\$ 11,876</u>	<u>\$ 83,500</u>

Note 3. Concentrations of Credit Risk

The Association maintains checking accounts and certificates of deposit at two local financial institutions. Interest bearing and non-interest bearing accounts at each financial institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000 each. The balance of funds held at one of the local financial institutions exceeded federally insured limits by \$12,815 as of June 30, 2001, while funds at the other local financial institution were adequately insured by FDIC. As of the date of this report, the excess funds had been transferred and were adequately insured by FDIC.

NOTES TO FINANCIAL STATEMENTS

Note 4. Economic Dependency

Substantially all of the Association's revenues are derived from the State of Louisiana, under its vocational/rehabilitative services and Title XIX programs. Funding for the service program is provided on a year-to-year basis, with no requirement that the program be renewed at all, or if renewed, that funding levels be maintained or increased.

The Association's contract for the service program with the state contains a number of terms regarding service provision, insurance requirements, etc. Management is of the opinion that the Association is in substantial compliance with those terms. Case managers monitor the Association's records periodically.

HILL, INZINA & COMPANY

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

Board of Directors
West Carroll Parish Association for Retarded Citizens, Inc.
Oak Grove, Louisiana

We have audited the financial statements of West Carroll parish Association for Retarded Citizens, Inc., (a nonprofit organization) as of and for the year ended June 30, 2001, and have issued our report thereon dated November 30, 2001. 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 Association'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 the Association'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. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. 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 judgment, could adversely affect the System's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings as item 2001-1.

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. 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, we consider the reportable condition described above to be a material weakness.

This report is intended solely for the information and use of management of West Carroll Parish Association for Retarded Citizens, Inc., funding agencies, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

Hill, Smyth & Co.

November 30, 2001

WEST CARROLL PARISH ASSOCIATION FOR RETARDED CITIZENS, INC.
OAK GROVE, LOUISIANA

SCHEDULE OF FINDINGS WITH MANAGEMENT'S PLANNED
CORRECTIVE ACTION
For the Year Ended June 30, 2001

We have audited the financial statements of West Carroll Parish Association for Retarded Citizens, Inc., as of and for the year ended June 30, 2001, and have issued our report thereon dated November 30, 2001. 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, 2001, resulted in an unqualified opinion.

Section I - Summary of Auditor's Reports

Report on Internal Control and Compliance Material to the Financial Statements

Compliance

Compliance Material to Financial Statements Yes No

Internal Control

Material Weaknesses Yes No Reportable Conditions Yes No

Section II - Financial Statement Findings

2001-1 Inadequate Segregation of Duties (year ended June 30, 1997)

Criteria: Adequate segregation of duties is essential to a proper internal control structure.

Condition: The segregation of duties is inadequate to provide effective internal control.

Cause: The condition is due to economic and space limitations.

Effect: Not determined.

Recommendation: No action is recommended.

Management's
response and
planned cor-
rective action:

We concur in the finding, but it is not economically feasible nor
does space allow for corrective action to be taken.

Section III - Management Letter

None issued.

WEST CARROLL PARISH ASSOCIATION FOR RETARDED CITIZENS, INC.
OAK GROVE, LOUISIANA

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
For the Year Ended June 30, 2001

Section I - Internal Control and Compliance Material to Financial Statements

2000-1 Inadequate Segregation of Duties

Adequate segregation of duties is essential to
proper internal control.

Unresolved - 2001-1.

Section II - Management Letter

None issued.