

WEST CARROLL PARISH ASSOCIATION FOR RETARDED CITIZENS, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 1995

	<u>Program</u>	<u>Management and General</u>	<u>Totals</u>
Depreciation	\$ -	\$ 9,613	\$ 9,613
Insurance	11,972	-	11,972
Legal and accounting	-	3,220	3,220
Office and postage	47	-	47
Repairs and maintenance	9,143	-	9,143
Salaries	108,087	-	108,087
Supplies	8,566	-	8,566
Taxes - payroll	8,269	-	8,269
Telephone	292	-	292
Training	-	944	944
Transportation	11,615	-	11,615
Travel	213	-	213
Utilities	<u>3,735</u>	<u>-</u>	<u>3,735</u>
	<u>\$ 161,939</u>	<u>\$ 13,777</u>	<u>\$ 175,716</u>

See Notes To Financial Statements.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE
REQUIRED BY 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 years ended June 30, 1996 and 1995, and have issued our report thereon dated December 4, 1996.

We conducted our audits in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The management of West Carroll Parish Association for Retarded Citizens, Inc., is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH LAWS AND REGULATIONS REQUIRED BY 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 years ended June 30, 1996 and 1995, and have issued our report thereon dated December 4, 1996.

We conducted our audits in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts and grants applicable to West Carroll Parish Association for Retarded Citizens, Inc., is the responsibility of the Association's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Association's compliance with certain provisions of laws, regulations, contracts and grants. However, the objective of our audits of the financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported herein under *Government Auditing Standards*.

This report is intended for the information of management, Board of Directors and applicable state grantor agencies. However, this report is a matter of public record and its distribution is not limited.

December 4, 1996

Hill, Inzina & Co.

- **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:** We concur in the finding.

This report is intended for the information of management, Board of Directors and applicable state grantor agencies. However, this report is a matter of public record and its distribution is not limited.

Hill, Arzoo & Co.

December 4, 1996

WEST CARROLL PARISH ASSOCIATION FOR RETARDED CITIZENS, INC.

NOTES TO FINANCIAL STATEMENTS

Note 1. Organization and Summary of Significant Accounting Policies

West Carroll Parish Association for Retarded Citizens, Inc., (the "Association") is a nonprofit organization exempt from income tax under Section 501(c)3 of the Internal Revenue Code. 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. The Association was chartered on January 23, 1958, to promote the general welfare of mentally retarded persons.

The financial statements of the Association have been prepared in conformity with generally accepted accounting principles. The following is a summary of the more significant policies:

Unrestricted, Temporarily Restricted and Permanently Restricted Net Assets:

The Association reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of the 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.

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 and Cash Equivalents:

The Association considers all highly liquid investments, with a maturity of three months or less when purchased, to be cash equivalents.

Cash is reported at net book value - the June 30, 1996, bank balance plus deposits in transit and less checks that have not cleared the bank as of that date.

WEST CARROLL PARISH ASSOCIATION FOR RETARDED CITIZENS, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 1996

	<u>Program</u>	<u>Management and General</u>	<u>Totals</u>
Consulting	\$ -	\$ 1,206	\$ 1,206
Depreciation	-	7,892	7,892
Insurance	14,040	-	14,040
Legal and accounting	-	2,470	2,470
Miscellaneous	195	612	807
Office and postage	772	-	772
Repairs and maintenance	7,893	-	7,893
Salaries	121,374	-	121,374
Supplies	7,541	-	7,541
Taxes - payroll	9,285	-	9,285
Telephone	296	-	296
Training	-	101	101
Transportation	8,546	-	8,546
Travel	332	-	332
Utilities	4,131	-	4,131
	<u>\$ 174,405</u>	<u>\$ 12,281</u>	<u>\$ 186,686</u>

See Notes To Financial Statements.

WEST CARROLL PARISH ASSOCIATION FOR RETARDED CITIZENS, INC.

STATEMENTS OF CASH FLOWS
Years Ended June 30, 1996 and 1995

	<u>Year Ended June 30,</u>	
	<u>1996</u>	<u>1995</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 12,106	\$ 5,912
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	7,892	9,613
(Increase) decrease in accounts receivable	1,555	(4,959)
(Increase) decrease in prepaid expense	(117)	-
(Increase) decrease in accounts payable	(2,360)	3,293
Net cash flows from operating activities	<u>\$ 19,076</u>	<u>\$ 13,859</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	\$(4,570)	\$(5,000)
Purchase of certificate of deposit	(20,000)	-
Interest earned	(2,712)	(2,305)
Net cash flows used by investing activities	<u>\$(27,282)</u>	<u>\$(7,305)</u>
Net increase (decrease) in cash and cash equivalents	\$(8,206)	\$ 6,554
Cash and cash equivalents - beginning	<u>66,311</u>	<u>59,757</u>
Cash and cash equivalents - ending	<u>\$ 58,105</u>	<u>\$ 66,311</u>

See Notes To Financial Statements.

WEST CARROLL PARISH ASSOCIATION FOR RETARDED CITIZENS, INC.

STATEMENTS OF ACTIVITIES
 Years Ended June 30, 1996 and 1995

	<u>Year Ended June 30,</u>	
	<u>1996</u>	<u>1995</u>
Revenues and other support:		
Contributions	\$ 832	\$ 1,584
Fees:		
Division of Mental Retardation	120,575	129,010
Title XIX	17,431	12,304
Other providers	28,250	7,320
Program receipts	27,678	27,799
Interest and miscellaneous	4,026	3,611
	<u>\$ 198,792</u>	<u>\$ 181,628</u>
Expenses:		
Program	\$ 174,405	\$ 161,939
Management and general	12,281	13,777
	<u>\$ 186,686</u>	<u>\$ 175,716</u>
Increase in net assets	\$ 12,106	\$ 5,912
Net assets - unrestricted - beginning	<u>183,583</u>	<u>177,671</u>
Net assets - unrestricted - ending	<u>\$ 195,689</u>	<u>\$ 183,583</u>

See Notes To Financial Statements.

WEST CARROLL PARISH ASSOCIATION FOR RETARDED CITIZENS, INC.

STATEMENTS OF FINANCIAL POSITION

June 30, 1996 and 1995

	<u>June 30,</u>	
	<u>1996</u>	<u>1995</u>
ASSETS		
Current assets:		
Cash and cash equivalents (Note 1)	\$ 58,105	\$ 66,311
Certificates of deposit (Note 1)	71,489	48,777
Accounts receivable	15,041	16,596
Prepaid expense	<u>117</u>	<u>-</u>
Total current assets	\$ 144,752	\$ 131,684
Noncurrent assets:		
Land, building and equipment (Notes 1 and 2)	<u>51,870</u>	<u>55,192</u>
Total assets	<u>\$ 196,622</u>	<u>\$ 186,876</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 933	\$ 3,293
Net assets - unrestricted (Note 1)	<u>195,689</u>	<u>183,583</u>
Total liabilities and net assets	<u>\$ 196,622</u>	<u>\$ 186,876</u>

See Notes To Financial Statements.

HILL, INZINA & COMPANY

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

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

We have audited the accompanying statements of financial position of West Carroll Parish Association for Retarded Citizens, Inc., (a nonprofit organization) as of June 30, 1996 and 1995, and the related statements of activities, cash flows and functional expenses for the years then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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 statement presentation. We believe that our audits provide 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, 1996 and 1995, and the changes in net assets and its cash flows for the years then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued reports dated December 4, 1996, on the Association's compliance with laws and regulations and on our consideration of its internal control structure, which are presented on page 9 and pages 10 through 12, respectively, of this document.

December 4, 1996

Hill, Inzina & Co.

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WEST CARROLL PARISH ASSOCIATION FOR RETARDED CITIZENS, INC.

FINANCIAL REPORT

JUNE 30, 1996

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, 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 FEB 5 1997

HILL, INZINA & COMPANY

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In planning and performing our audits of the financial statements of West Carroll Parish Association for Retarded Citizens, Inc., for the years ended June 30, 1996 and 1995, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

We noted a certain matter involving the internal control structure and its operation that we consider to be a reportable condition under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the Association's ability to record, process, summarize and report financial data in a manner that is consistent with the assertions of management in the financial statements.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities 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 structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we noted the following matter involving the internal control structure and its operation that we consider to be a material weakness as defined above. This condition was considered in determining the nature, timing and extent of the procedures to be performed in our audits of the financial statements of West Carroll Parish Association for Retarded Citizens, Inc., for the years ended June 30, 1996 and 1995.

NOTES TO FINANCIAL STATEMENTS

Certificates of Deposit:

Certificates of deposit are carried at cost plus interest earned and received to date.

Plant Assets:

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

Depreciation of buildings and equipment is computed by the straight-line method over the following estimated service lives:

Building	10 - 35 years
Equipment	5 - 10 years
Vehicles	5 years

Revenues and Other Support:

Revenues received under government grant programs 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.

Note 2. Land, Building and Equipment

A summary of the property held at June 30, is as follows:

	<u>1996</u>	<u>1995</u>
Building	\$ 32,656	\$ 31,723
Equipment	24,214	20,577
Vehicles	<u>53,238</u>	<u>53,238</u>
	\$ 110,108	\$ 105,538
Less accumulated depreciation	<u>84,599</u>	<u>76,707</u>
	\$ 25,509	\$ 28,831
Land	<u>26,361</u>	<u>26,361</u>
	<u>\$ 51,870</u>	<u>\$ 55,192</u>