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DeSoto Association For Retarded Citizens, Inc.
Monroe, Louisiana

Financial Statements
As of and for the Year Ended
June 30, 1997

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the auditor, or assigned, entity and other appropriate public officials. This 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 25 1998

DeSoto Association For Retarded Citizens, Inc.

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COOK & MORSBART

Certified Public Accountants

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Independent Auditor's Report

To the Board of Directors
DeSoto Association For Retarded Citizens, Inc.

We have audited the accompanying statement of financial position of DeSoto Association For Retarded Citizens, Inc. a nonprofit organization as of June 30, 1967, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the entity's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, 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 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 DeSoto Association For Retarded Citizens, Inc. at June 30, 1967, 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 December 4, 1967 on our separate report of DeSoto 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.

Cook & Morsbart
Certified Public Accountants
December 4, 1967

DeDeo Association For Retarded Citizens, Inc.
 Statement of Financial Position
 June 30, 1993

Assets:

Current assets:

Cash	\$	32,189
Accounts receivable		58,244
		90,433

Property and Equipment

Property and Equipment		242,700
Accumulated depreciation		(1,000,469)
Net property and equipment		144,851

Other assets

Other assets		60
Total assets	\$	237,434

Liabilities and Net Assets:

Current liabilities:

Accounts payable	\$	3,987
Payroll taxes payable		3,871
Total current liabilities		7,858

Net Assets:

Unrestricted		
Operating		5,929
Designated for specific programs		68,730
Fixed assets		144,851
Total net assets		219,509
Total liabilities and net assets	\$	237,434

The accompanying notes are an integral part of the financial statements.

DeCoto Association For Retarded Citizens, Inc.
 Statement of Activities
 Year Ended June 30, 1987

	<u>Unrestricted</u>
Revenues and Other Support	
Contracts with governmental agencies:	
(OCDB - Vocational and Habilitative Services)	\$ 208,517
(IRS - Supported Employment)	33,001
(OCDB - Individualized Supported Living)	4,138
Louisiana Medical Assistance Program	18,882
United Way allocation	7,000
Other contractual - community funds	33,679
Service income - sheltered workshop	39,198
Membership dues	1,348
Contributions	1,447
Interest income	858
Miscellaneous	2,348
	<hr/>
Total revenues and other support	329,362
Expenses	
Adult habilitation services	248,872
Sheltered workshop	30,200
Other general	2,141
	<hr/>
Total expenses	281,213
Change in net assets	48,149
Net assets as of beginning of year	171,889
Net assets as of end of year	<u>\$ 219,938</u>

The accompanying notes are an integral part of the financial statements.

DeGard Association For Retarded Citizens, Inc.
 Statement of Functional Expenses
 Year Ended June 30, 1987

	Adult Rehabilitation Services	Sheltered Workshop	Other General	Total
Salary and wages	\$ 134,391	\$ 39,160	\$ --	\$ 173,551
Payroll taxes	10,288	--	--	10,288
Employee benefits	17,590	--	--	17,590
Accounting fees	3,213	--	--	3,213
Audit fees	5,105	--	--	5,105
Bank charges	105	--	--	105
Deos	358	--	--	358
Office expenses	374	--	--	374
Fuel	30,364	--	--	30,364
Insurance	16,251	607	--	16,858
Maintenance - auto	1,208	--	--	1,208
Licenses	191	--	--	191
Office supplies	2,408	325	--	2,733
Postage	488	--	364	852
Repairs	844	1,585	--	2,429
Security	280	--	--	280
Staff training	288	--	--	288
General supplies	4,458	2,680	--	7,138
Telephone	2,852	--	--	2,852
Travel	1,805	--	143	1,948
Utilities	5,893	--	--	5,893
Van maintenance	808	--	--	808
Miscellaneous	1,400	40	1,814	3,254
Depreciation	15,874	450	--	16,324
Total expenses	\$ 248,872	\$ 38,262	\$ 2,141	\$ 289,275

The accompanying notes are an integral part of the financial statements.

Belmont Association For Retarded Citizens, Inc.
 Statement of Cash Flows
 Year Ended June 30, 1990

Operating activities

Change in net assets	\$	48,138
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation		14,074
(Increase) decrease in operating assets:		
Accounts receivable		34,089
Increase (decrease) in operating liabilities:		
Accounts payable		1,080
Payroll taxes payable		13
<u>Net cash provided in operating activities</u>		<u>39,092</u>

Investing activities

Payments for property and equipment		15,680
<u>Net cash used in investing activities</u>		<u>15,680</u>

Net increase in cash 13,382

Cash as of beginning of year 18,837

Cash as of end of year 32,189

The accompanying notes are an integral part of the financial statements.

DeSoto Association for Retarded Citizens, Inc.
Notes to Financial Statements
June 30, 1987

11) Summary of Significant Accounting Policies

A. Nature of Activities

DeSoto Association for Retarded Citizens, Inc. (DARC) is a nonprofit corporation under the laws of the State of Louisiana. DARC was established to provide adult habilitation services to mentally retarded citizens ages 21 years and older, within Bienville Parish, Louisiana.

B. Basis of Accounting

The financial statements of DARC have been prepared on the accrual basis of accounting.

C. 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, the Organization 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.

D. Income Tax Status

DARC is a non-profit corporation and is exempt from state and federal income taxes under Section 501 (c)(3) of the Internal Revenue Code. However, in any year certain activities not directly related to DARC's tax-exempt purpose is subject to taxation as unrelated business income. DARC had no such income for this audit period.

E. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of 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.

F. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, DARC considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

(Continued)

Delaware Association For Retarded Citizens, Inc.
Notes to Financial Statements
(Continued)
June 30, 1987

G. Property and Equipment

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful life of each asset. The State of Louisiana has a reversionary interest in property purchased with state funds. Its disposition as well as the ownership of any proceeds therefrom is subject to state regulations.

H. Revenue and Support

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

Contractual support revenue is reported as unrestricted support if due to the restrictions placed on these funds by the funding sources being met in the same reporting period as the revenue is earned.

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 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.

I. Retirement Obligations

The employees of DARC are members of the Social Security System. There are no other retirement plans available through the organization.

(2) Concentrations of Credit Risk

Financial instruments that potentially subject DARC to concentrations of credit risk consist principally of temporary cash investments and accounts receivable. Concentrations of credit risk with respect to accounts receivable are limited due to these amounts being due from governmental agencies under certain actual terms. As of June 30, 1987, DARC had no significant concentrations of credit risk in relation to accounts receivable. DARC maintains cash balances at several financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000. As June 30, 1987 there were no uninsured balances.

(Continued)

DeSoto Association for Retarded Citizens, Inc.
 Notes to Financial Statements
 (Continued)
 June 30, 1987

(3) Accounts Receivable

Various funding sources provide reimbursement of allowable costs and payment on units of service in connection with providing services under contracts or agreements. These balances represent amounts due from the funding sources at June 30, 1987 but not received until after that date as follows:

DECO - Vocational and Rehabilitative Services	\$ 20,518
LRS - Supported Employment	2,488
DECO - Individualized Supported Living	2,815
Louisiana Medical Assistance Program	2,448
Other contractual - community based	14,808
Service income - sheltered workshop	1,812
	<u>\$ 58,244</u>

(4) Property and Equipment

A summary of fixed assets as of June 30, 1987 follows:

	Estimated Useful Life	Cost / Basis
Land	NA	\$ 2,800
Buildings and improvements	20.5 years	111,846
Automobiles - vans	5 years	70,718
Furniture and fixtures	5-10 years	21,418
Other	5 years	28,252
		<u>\$ 343,200</u>

Depreciation expense for the year ended June 30, 1987 was \$16,814.

(5) Designated Restricted Net Assets

This balance represents net assets designated by the organization for vocational and rehabilitative services and sheltered workshop activities.

(Continued)

DeSoto Association for Retarded Citizens, Inc.
Notes to Financial Statements
(Continued)
June 30, 1997

(B) Third Party Reimbursements

DARC receives approximately 60% of its funding from third party reimbursements under contracts for the provision of vocational and habilitative services. The continued existence of these funds are based on annual contractual renewals with the various funding sources.

COON & MORELLANT

Certified Public Accountants

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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
DeSoto Association For Retarded Citizens, Inc.
Mandeville, Louisiana

We have audited the financial statements of DeSoto Association For Retarded Citizens, Inc. as of and for the year ended June 30, 1997, and have issued our report thereon dated December 8, 1997. We conducted our audit in accordance with generally accepted auditing standards 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 DeSoto 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 these provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclose 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 DeSoto 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 identified matters involving the internal control over financial reporting and its operation that we considered to be material weaknesses.

This report is intended for the information of management, the Board of Directors and the various funding sources of the Agency. However, this report is a matter of public record and its distribution is not limited.



Cook & Merchut
Certified Public Accountants
December 4, 1993