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**LAFAYETTE ASSOCIATION FOR
RETARDED CITIZENS, INC.**
Lafayette, Louisiana

AUDIT REPORT
June 30, 1998

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: SEP 2 7 1998
C. L. KILL & ASSOCIATES

Certified Public Accountants
112 Fountain Head Drive
Lafayette, Louisiana

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V. L. Auld & Associates

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INDEPENDENT AUDITORS' REPORT ON THE BASIC FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION

The Board of Directors
Lafayette Association for
Retarded Citizens, Inc.
Lafayette, Louisiana

We have audited the accompanying statement of financial position of the Lafayette Association for Retarded Citizens, Inc., (a nonprofit organization) as of June 30, 1998, and the related statements of activities, functional expenses, and cash flows for the year 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 audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Comptroller's 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 involves 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 our audit provides a reasonable basis for our opinion.

On May 1, 1970, buildings in existence were revalued to appraised values. In our opinion, assets should be stated at acquisition cost, or if donated, recorded at their fair value at the date of gift, net of depreciation, in conformity with generally accepted accounting principles. The effects of this practice on the financial statements are undetermined.

As explained in Note 4 to the financial statements, works of art donated to the Association are depreciated in the financial statements. In our opinion, generally accepted accounting principles require donated assets to be recorded at their fair value at the date of receipt. The effects of the unrecorded works of art on the financial statements are undetermined.

In our opinion, except for the effects of recording certain buildings at appraised values, and not recording donated works of art, as discussed in the preceding two paragraphs, the financial statements referred to in the first paragraph present fairly in all material respects the financial position of the Lafayette Association for Retarded Citizens, Inc., as of June 30, 1998, 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 9, 2000, on our consideration of the Association's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the Lafayette Association for Retarded Citizens, Inc., taken as a whole. The accompanying additional information contained in the schedule of activities by component is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information in this schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

V. J. RUSO & ASSOCIATES



Certified Public Accountants

Lafayette, Louisiana
November 9, 2000

LAFAYETTE ASSOCIATION FOR RETARDED CITIZENS, INC.
Lafayette, Louisiana
STATEMENT OF FINANCIAL POSITION
June 30, 1968

ASSETS

CURRENT ASSETS

| | |
|--------------------------|---------------|
| Cash | \$ 874,842 |
| Accounts Receivable | 303,834 |
| Contributions Receivable | 5,000 |
| Inventory | 18,228 |
| Prepaid Expenses | 744 |
| Deposits | <u>38,611</u> |

Total Current Assets \$1,570,968

OTHER ASSETS

Certificate of Deposit 1,580,000

PLANT ASSETS

| | |
|--------------------------------|--------------------|
| Buildings | \$3,184,591 |
| Furniture and Fixtures | 75,408 |
| Machinery and Equipment | 278,323 |
| Transportation Equipment | 303,838 |
| Land | 81,000 |
| Totals | <u>\$3,911,158</u> |
| Less: Accumulated Depreciation | <u>2,215,130</u> |

Total Plant Assets 1,598,828

TOTAL ASSETS \$4,169,796

See accountants' report and accompanying notes to financial statements.

LAFAYETTE ASSOCIATION FOR RETARDED CITIZENS, INC.
 Lafayette, Louisiana
 STATEMENT OF FINANCIAL POSITION
 June 30, 1988

LIABILITIES AND NET ASSETS

| | | |
|---|------------------|---------------------------|
| CURRENT LIABILITIES | | |
| Accounts Payable | \$ 66,007 | |
| Accrued Payroll and Payroll Taxes | 66,000 | |
| Deferred Revenue | 18,280 | |
| Rental Deposits | <u>1,220</u> | |
| Total Current Liabilities | | \$ 151,507 |
| NET ASSETS | | |
| Invested | | |
| Operating | \$1,961,140 | |
| Board Designated | 1,808,000 | |
| Plant Assets | <u>1,508,825</u> | |
| Total Net Assets | | <u>4,278,005</u> |
| TOTAL LIABILITIES AND NET ASSETS | | <u>\$4,429,512</u> |

See accountants' report and accompanying notes to financial statements.

LAFAYETTE ASSOCIATION FOR RETARDED CITIZENS, INC.
 Lafayette, Louisiana
STATEMENT OF ACTIVITIES
 For the Year Ended June 30, 1998

| | | <u>Unrestricted Net Assets</u> |
|--|----------------|--------------------------------|
| PUBLIC SUPPORT AND REVENUE | | |
| Public Support | | |
| Program Revenues | \$3,204,982 | |
| Contributions | 57,681 | |
| Special Events | <u>342,489</u> | |
| Total Public Support | | \$3,485,152 |
| Revenue | | |
| Other Revenue | \$ 208,040 | |
| Interest Income | 174,821 | |
| Membership Dues | 1,043 | |
| Gain on Sale of Assets | <u>128</u> | |
| Total Revenue | | <u>384,032</u> |
| TOTAL, PUBLIC SUPPORT AND REVENUE | | \$3,869,184 |
| EXPENSES | | |
| Program Services | | |
| Client Development | \$ 893,130 | |
| Housing | 1,108,042 | |
| Respite | 263,260 | |
| Early Intervention | 113,484 | |
| Supported Work Systems | 98,581 | |
| Acadian Village | <u>325,923</u> | |
| Total Program Services | | \$2,974,220 |
| Supporting Services | | |
| Management and General | \$ 347,134 | |
| Special Events | <u>91,084</u> | |
| Total Supporting Services | | <u>438,218</u> |
| TOTAL EXPENSES | | \$3,412,438 |
| INCREASE IN NET ASSETS | | \$ 456,746 |
| NET ASSETS, BEGINNING OF YEAR | | 3,875,424 |
| NET ASSETS, END OF YEAR | | \$4,332,170 |

See accountants' report and accompanying notes to financial statements.

LAFAYETTE ASSOCIATION FOR RETARDED CITIZENS, INC.

Lafayette, Louisiana

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 1998

PROGRAM SERVICES

SUPPORTING SERVICES

TOTAL

| | Child Development | Housing | People | Early Intervention | Supported WS. System | Assisted Living | Appl. & Special | Special | TOTAL |
|--|-------------------|-------------------|-------------------|--------------------|----------------------|-------------------|-------------------|-----------|---------------------|
| Salaries | \$ 462,700 | \$ 88,881 | \$ 274,120 | \$ 42,898 | \$ 93,889 | \$ 148,894 | \$ 181,794 | \$ | \$ 1,097,076 |
| Payroll Taxes | 26,770 | 50,028 | 21,492 | 3,720 | 4,777 | 7,284 | 12,299 | | 106,669 |
| Employee Benefits | 28,483 | 21,835 | 2,292 | 5,779 | 4,644 | 4,475 | 5,175 | | 66,683 |
| TOTAL SALARIES & RELATED EXPENSES | \$ 517,953 | \$ 160,744 | \$ 297,912 | \$ 52,407 | \$ 103,310 | \$ 160,653 | \$ 209,268 | \$ | \$ 1,244,347 |
| Cost of Goods Sold | 100,200 | | | | | 10,000 | | | 110,200 |
| Bank Activity Expense | 81,647 | 50,342 | 18,837 | 1,892 | 12,848 | 22,227 | 12,299 | | 199,492 |
| Insurance | 86,819 | 26,819 | 25 | 4,512 | 5,546 | 5,546 | 81,833 | | 144,500 |
| Professional Services | 17,377 | 31,842 | 5,843 | 3,229 | 1,794 | 14,927 | 5,488 | | 79,650 |
| Utilities & Garage | 4,244 | 26,340 | 4,244 | 1,267 | | 1,267 | | | 37,362 |
| Food | 12,841 | 46,634 | 3,288 | 2,854 | 85 | 15,844 | 12,794 | | 81,651 |
| Supplies | 5,349 | 3,927 | 3,927 | 1,963 | 77 | 17,523 | 11,129 | | 42,866 |
| Repairs & Maintenance | 75,199 | 4,444 | | | | | 54 | | 79,697 |
| Travel | 14,732 | 3,288 | 20 | | | 80 | 89 | | 18,229 |
| Post | 5,744 | 3,487 | 3,295 | 2,644 | 1,629 | 4,916 | 5,744 | | 23,759 |
| Telephone | 3,378 | 3,352 | 413 | 4,875 | 4,829 | 4,829 | 4,887 | | 22,661 |
| Conferences | 154 | 3,378 | 10 | 794 | 50 | | 4,024 | | 8,356 |
| Taxes & Licenses | 94 | 104,332 | 248 | 138 | | | | | 104,772 |

See attached report and accompanying notes to financial statements.

LAFAYETTE ASSOCIATION FOR IMPROVED CITIZENS, INC.

Lafayette, Louisiana

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 1988

PROGRAM SERVICES

REPORTING PERIODS

TOTALS

| | Office Development | Funding | Receipts | Early Intervention | Supported W. System | Academy Village | Meal & Social | Special Events | TOTALS |
|------------------------------------|--------------------|--------------|--------------|--------------------|---------------------|-----------------|---------------|----------------|--------------|
| Private | 88 | 277 | 222 | 277 | 0 | 277 | 222 | 277 | 2,799 |
| Provision & Admin/ship | | | | | | 14,279 | | | 14,279 |
| Event & Subscriptions | 120 | 628 | 1,814 | 112 | 112 | 1,814 | 1,178 | | 17,208 |
| Meal & Craft | | | | | | 228 | | | 228 |
| Special Events | | | | | | | | 28,241 | 28,241 |
| Maintenance Expense | 49 | 277 | 174 | | | 277 | 222 | | 882 |
| TOTAL EXPENSES BEFORE DEPRECIATION | \$ 88,228 | \$ 1,175,852 | \$ 2,827,614 | \$ 411,482 | \$ 22,828 | \$ 211,828 | \$ 228,228 | \$ 28,241 | \$ 3,887,211 |
| Depreciation | 42,242 | 28,242 | 42,242 | 1,241 | 778 | 15,179 | 22,242 | 4,428 | 148,712 |
| TOTAL EXPENSES | \$ 130,470 | \$ 1,204,094 | \$ 2,869,856 | \$ 412,723 | \$ 23,606 | \$ 227,007 | \$ 250,470 | \$ 32,669 | \$ 4,035,923 |

See accountants' report and accompanying notes to financial statements.

LAFAYETTE ASSOCIATION FOR RETARDED CITIZENS, INC.
Lafayette, Louisiana
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 1998

| | |
|---|----------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Increase in Net Assets | \$ 245,501 |
| Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities | |
| Depreciation | 145,178 |
| Non-Cash Contribution | (79,812) |
| Gain on Sale of Assets | (192) |
| (Increase) Decrease in Operating Assets | |
| Accounts Receivable | (79,578) |
| Contributions Receivable | (5,000) |
| Inventory | 2,898 |
| Prepaid Expenses | 10,345 |
| Deposits | (21,354) |
| Increase (Decrease) in Operating Liabilities | |
| Accounts Payable | 9,407 |
| Accrued Payroll and Payroll Taxes | 12,548 |
| Deferred Revenue | 10,282 |
| Rental Deposits | <u>1,258</u> |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | \$ 480,824 |
| CASH FLOWS FROM INVESTING ACTIVITIES | |
| Purchases - Certificate of Deposit | \$(1,000,000) |
| Proceeds from Sale of Assets | 9,787 |
| Payments for Property and Equipment | <u>(1,029,092)</u> |
| NET CASH USED BY INVESTING ACTIVITIES | \$(2,000,305) |
| CASH FLOWS FROM FINANCING ACTIVITIES | \$ _____ |
| NET DECREASE IN CASH | \$(1,190,320) |
| CASH AT BEGINNING OF YEAR | <u>3,084,583</u> |
| CASH AT ENDING OF YEAR | <u>\$ 1,894,263</u> |
| SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING ACTIVITIES | |
| Vehicles acquired with non-cash contribution | <u>\$ 18,000</u> |
| Net book value of assets removed from service | <u>\$ 3,438</u> |

See accountants' report and accompanying notes to financial statements.

LAFAYETTE ASSOCIATION FOR RETARDED CITIZENS, INC.
Lafayette, Louisiana
NOTES TO FINANCIAL STATEMENTS
June 30, 1998

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

NATURE OF ACTIVITIES

The Association administers programs for the benefit of retarded citizens in an eight-parish area of southern Louisiana. Funding of these programs is primarily from governmental sources. Also, the Association operates Acadian Village, a living museum visited by tourists and used by the community for public events. The Village primarily generates revenue by admission and gift shop sales. The Village employs the efforts of the Association to maintain and operate the facility as a part of the work activity programs.

FINANCIAL STATEMENT PRESENTATION

The financial statements of the Association are prepared on the accrual basis of accounting. This means revenues are recognized when earned and expenses are recognized when incurred. Also, the financial statements reference the standards promulgated by the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*.

PLANT ASSETS

On May 1, 1976, buildings in existence were restated to appraisal values. These assets represent \$284,376 of total plant assets (net of \$1,122,686 in accumulated depreciation). All other plant assets are stated at cost or, if donated, at fair market value at date of receipt. The Association follows the practice of capitalizing all plant assets with a cost, or value if donated, in excess of \$500. Depreciation is calculated on a straight-line basis over estimated useful lives ranging from four to fifty years. Depreciation expense for assets valued at appraisal value is \$12,660 and for assets valued at historical cost is \$132,686. The Association has \$284,376 of buildings with historical value exempt from depreciation in accordance with SFAS No. 83.

CASH AND CASH EQUIVALENTS

For purposes of the Statement of Cash Flows, currency, demand deposits, certificates of deposit with an original maturity of three months or less, and repurchase agreements are considered cash.

INCOME TAX STATUS

The Association is exempt from federal income tax under Internal Revenue Code Section 501(c)(3). It is not a private foundation under Section 509(a)(2) of the Internal Revenue Code.

USE OF ESTIMATES

Financial statements are prepared in conformity with generally accepted accounting principles. These principles require management to make estimates and assumptions affecting certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

FUNCTIONAL EXPENSE ALLOCATIONS

A summary of the costs of providing various programs and supporting services is in the statement of functional expenses. Accordingly, certain costs are allocated between the programs and supporting services benefited.

CONTRIBUTED SERVICES

Many volunteers have donated significant amounts of time to the Association's special events. No amounts are recognized in the statement of activities because the criteria for recognition under SFAS No. 118 have not been satisfied.

INVENTORY

Inventory of Acadia Village Store merchandise is valued at the lower of cost or market. Cost is determined on the first-in, first-out method.

ADVERTISING COSTS

Advertising costs of \$14,370 were expensed as incurred.

NOTE 2 - CONTRIBUTIONS RECEIVABLE

Contributions receivable consist of an amount due from United Way of Acadia. This contribution is expected to be collected by December, 1990. Therefore, no allowance for uncollectible pledges has been recorded.

NOTE 3 - CONCENTRATIONS OF CREDIT RISK

The Association maintains significant amounts of cash in several accounts with Bank One. At times, the balances in these accounts may exceed federally insured limits. The Association has not experienced any losses in these accounts. The Association believes it is not exposed to any significant credit risk on cash.

Credit risk with respect to receivables is limited because the Association deals primarily with governmental agencies.

NOTE 4 - WORKS OF ART

The Association is the recipient of 17 paintings by the artist George Rodrigue. No ownership restrictions are imposed on the Association. The Association may retain or dispose of the paintings at will.

The Association has decided it is impractical to determine a value for the paintings. Efforts to establish a value by obtaining appraisals or offers to sell have been unsuccessful. The paintings remain uncapitalized until a reasonable way is found to determine their value.

NOTE 5 - CHANGE IN ACCOUNTING ESTIMATE

The useful lives of several depreciable assets were changed. The effect of these changes was to decrease depreciation expense and thereby increase net assets by \$76,143.

NOTE 6 - LABOR UNION

Approximately sixty-six (66%) of employees are covered by a collective bargaining agreement with Local 100, Service Employees International Union of the AFL-CIO (the Union). As of the report date, the collective bargaining agreement expires October 31, 2000. In the Association's opinion the collective bargaining agreement will have no material adverse effect on operations.

NOTE 7 - LITIGATION

The Association is involved in two lawsuits. In one suit, legal counsel advises the likelihood of an unfavorable outcome is high, while in the other suit, the likelihood is undeterminable. In both suits, these matters are covered by insurance and are unlikely to have a material effect on the financial position of the Association.

NOTE 8 - RISKS AND UNCERTAINTIES

The State of Louisiana is the primary controller of revenue for the Association. In the future, financial problems of the State of Louisiana may result in reduced funding. It is possible certain programs may be severely affected by these declining revenues. However, management believes changes can be incorporated into the continuing operations without a catastrophic result.

NOTE 9 - GIFTS OF FUTURE INTERESTS

Certain individuals have named the Association as a charitable beneficiary in their estate. In some cases, restrictions apply to the use of these future funds. However, the Association has no future guarantee to the use or amount of these assets. The Association's right as a beneficiary, and the economic rules, is subject to potential change.

NOTE 10 - SUBSEQUENT EVENTS

On September 14, 1998, the Association purchased a home for \$125,326.02. It is the intent of the Association to use this house to replace an existing residential home. The current residential home is intended to be sold.

LAFAYETTE ASSOCIATION FOR RETIRED CITIZENS, INC.

Lafayette, Louisiana

SCHEDULE OF ACTIVITIES BY COMPONENT

For the Year Ended June 30, 1999

| | PROGRAM REVENUES | | | | | | SUPPORTING REVENUES | | TOTALS |
|------------------------------------|------------------|--------------|------------|------------------|----------------------|-----------------|---------------------|----------------|--------------|
| | Gift Development | Membership | Bequests | Early In-Service | Supported 4th System | Annular Village | Spn. & General | Special Events | |
| SUPPORT & REVENUE | | | | | | | | | |
| Program Revenues | \$ 77,128 | \$ 1,818,879 | \$ 43,277 | \$ 32,320 | \$ 100,720 | \$ 262,099 | | | \$ 2,215,423 |
| Other | 29,872 | 116,826 | 15,937 | 2,570 | | 20,750 | 124,482 | 140,000 | 323,637 |
| TOTAL SUPPORT & REVENUE | \$ 107,000 | \$ 1,935,705 | \$ 59,214 | \$ 34,890 | \$ 100,720 | \$ 282,849 | \$ 124,482 | \$ 140,000 | \$ 2,539,061 |
| EXPENSES | | | | | | | | | |
| Salaries | \$ 460,799 | \$ 81,371 | \$ 275,311 | \$ 64,348 | \$ 83,808 | \$ 180,854 | \$ 66,728 | | \$ 1,813,139 |
| Payroll Taxes | 89,772 | 65,556 | 51,482 | 5,119 | 4,797 | 16,284 | 12,288 | | 186,699 |
| Employee Benefits | 89,482 | 17,846 | 1,095 | 5,720 | 5,889 | 6,475 | 5,778 | | 128,487 |
| Lease of South Hall | | | | | | 14,820 | | | 14,820 |
| Work Activity Expenses | 150,200 | | | | | | | | 150,200 |
| Travel | 21,247 | 65,242 | 11,817 | 1,882 | 5,248 | 22,287 | 12,222 | | 138,845 |
| Professional Services | | 69,899 | 29 | 47,712 | | 2,088 | 11,293 | | 129,019 |
| Utilities & Garage | 17,275 | 11,842 | 5,842 | 3,224 | 1,264 | 14,207 | 5,241 | | 78,235 |
| Fuel | 1,288 | 29,799 | 1,025 | | | 1,287 | | | 33,399 |
| Supplies | 12,242 | 46,226 | 2,299 | 8,816 | 85 | 10,223 | 12,728 | | 82,649 |
| Repairs & Maintenance | 5,248 | 7,927 | 1,595 | 1,944 | 29 | 17,421 | 78,789 | | 111,843 |
| Vehicle Repairs & Maintenance | 15,126 | 4,548 | | | | | 59 | | 19,673 |
| Post | 14,720 | 4,341 | 26 | | | 88 | 881 | | 19,976 |
| Telephone | 2,789 | 2,487 | 5,095 | 2,248 | 1,828 | 4,202 | 4,764 | | 18,413 |

See accompanying report and accompanying notes to financial statements.

LAFAYETTE ASSOCIATION FOR RETIRED CITIZENS, INC.
 Lafayette, Louisiana
 SCHEDULE OF ACTIVITIES BY COMPONENT
 For the Year Ended June 30, 1999

| | PROGRAM SERVICES | | | | | | SUPPORTED SERVICES | | TOTALS |
|-------------------------------------|-------------------|--------------|------------|------------------|---------------------|------------------|--------------------|----------------|--------------|
| | Child Development | Reading | People | Early In-Service | Supported W/ System | Assisted Village | Special Care | Special Events | |
| Total | 4,814 | 4,840 | 475 | 4,079 | 4,450 | 4,874 | 4,977 | | 27,782 |
| Southwest | 54 | 1,878 | 0 | 784 | 0 | | 4,034 | | 6,292 |
| Texas & Louisiana | 142 | 114,020 | 288 | 58 | | | | | 114,868 |
| Private | 89 | 277 | 189 | 277 | 0 | 227 | 2,202 | | 3,728 |
| Prevention & Advocating | | | | | | 14,279 | 14,511 | | 14,279 |
| Grant & Subsidization | 189 | 829 | | | 112 | 1,819 | | | 17,208 |
| Health & Crisis | | | | | | 899 | | | 899 |
| Special Events | | | | | | | | 86,971 | 86,971 |
| Manufacturers Expenses | 44 | 897 | 154 | | | 2,779 | 4,498 | | 12,272 |
| Depreciation | (4,282) | (4,484) | (4,878) | (4,279) | (777) | (12,177) | (2,000) | (4,883) | (48,178) |
| TOTAL EXPENSES | \$ 89,139 | \$ 1,189,840 | \$ 211,289 | \$ 178,484 | \$ 60,888 | \$ 211,870 | \$ 247,144 | \$ 11,034 | \$ 4,442,884 |
| NONREVENUE OPERATING REVENUE ASSETS | \$ 24,488 | \$ 110,880 | \$ 81,784 | \$ 98,278 | \$ 6,870 | \$ 211,840 | \$ 234,074 | \$ 12,478 | \$ 949,587 |

See accompanying report and accompanying notes to financial statements.

V. L. Auld & Associates

Certified Public Accountants
101 Franklin Road East
Lafayette, Louisiana 70506

Office: 781.440.0700
Telephone: (504) 484-0777 Fax: (504) 484-0540

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

The Board of Directors
Lafayette Association for
Recorded Citizens, Inc.
Lafayette, Louisiana

We have audited the financial statements of the Lafayette Association for Recorded Citizens, Inc. (a nonprofit organization) as of and for the year-ended June 30, 2008, and have issued our report thereon, dated November 5, 2008. In our report, our opinion was qualified because certain assets are recorded at appraised value and donated works of art are unrecorded. Further explanations are in the third and fourth paragraphs of our report on the financial statements. 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 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. 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 for the information of the Board of Directors and Management of the Lafayette Association for Retarded Citizens, Inc., applicable State and Federal agencies, and the Louisiana Legislative Auditor. This report is a matter of public record and its distribution is not limited.

V. L. AULD & ASSOCIATES



Certified Public Accountants

Lafayette, Louisiana
November 8, 1998

ALLEMAN CENTER

Serving the Developmentally Disabled in America since 1952

303 NINE HEDGE ROAD
LAFAYETTE, LA 70506
(713) 884-8110 • FAX (713) 884-1102

December 17, 1998

Mr. David G. Kyle, CPA, CFE
Secretary
Legislative Audit Advisory Council
State of Louisiana
P.O. Box 94097
Baton Rouge, La. 70894-8097

Dear Mr. Kyle:

The following is our response to the matters contained in the audit report of June 28, 1998 dated November 8, 1998 by V.L. Audit & Associates, CPAs.

1. Building not recorded at appraisal value - pg. 1

To our knowledge, all audits since 1978 have included an audit qualification because of appraisal values. Unfortunately, the management in 1978 was unaware of the consequences of using appraised values. After records do not exist showing an audit was performed in 1978; therefore, the problem may have lain dormant until our books were audited. In addition, the original records showing the historical cost were lost or misplaced, although we believe several assets were donated, thus the original values would be the fair market value at the time of donation. Our auditors informed us this qualification should continue until the appraised items are disposed.

2. Donated works of art not recorded in the financial statements - pg. 1

We possess 17 original paintings by the artist George Rodrigue. Efforts to establish a value by comparative sales or effort to sell have been unsuccessful. In addition, we consider the cost to obtain an appraisal by an art dealer an unnecessary expense. So, until we can find a reasonable way to determine their value, the paintings remain unappraised.

Should you have any additional questions regarding the above, please do not hesitate to contact me at the above address.

Very truly yours,


David Rodrigue
Executive Director

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