

9991

FOUNDATION
FOR
RETARDED CITIZENS, INC.
Lafayette, Louisiana

AUDIT REPORT
June 30, 2004 and 2003

AULD & ASSOCIATES
Certified Public Accountants
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Lafayette, Louisiana 70506
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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 11-17-04

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INDEPENDENT AUDITORS' REPORT ON THE BASIC FINANCIAL STATEMENTS

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

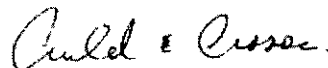
We have audited the accompanying statements of financial position of the Foundation for Retarded Citizens, Inc., (a nonprofit organization) as of June 30, 2004 and 2003, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our 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 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.

In our opinion, the financial statements referred to above present fairly in all material respects the financial position of the Foundation for Retarded Citizens, Inc., as of June 30, 2004 and 2003, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2004, 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. 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.

AULD & ASSOCIATES



Certified Public Accountants

Lafayette, Louisiana
October 29, 2004

FOUNDATION FOR RETARDED CITIZENS, INC.
Lafayette, Louisiana
STATEMENTS OF FINANCIAL POSITION
June 30, 2004 and 2003

ASSETS		
	<u>2004</u>	<u>2003</u>
CURRENT ASSETS		
Cash	\$ 101,411.11	\$ 128,127.03
Certificate of Deposit	<u>17,124.34</u>	<u>16,892.49</u>
Total Current Assets	\$ 118,535.45	\$ 145,019.52
OTHER ASSETS		
Certificate of Deposit	31,197.03	30,826.32
INVESTMENTS		
	<u>1,479,826.00</u>	<u>1,300,589.25</u>
TOTAL ASSETS	<u>\$1,629,558.48</u>	<u>\$1,476,435.09</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 552.15	\$.36
NET ASSETS		
Unrestricted	<u>1,629,006.33</u>	<u>1,476,434.73</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$1,629,558.48</u>	<u>\$1,476,435.09</u>

See accountants' report and accompanying notes to financial statements.

FOUNDATION FOR RETARDED CITIZENS, INC.
Lafayette, Louisiana
STATEMENTS OF ACTIVITIES
For the Years Ended June 30, 2004 and 2003

	<u>Unrestricted Net Assets</u>	
	<u>2004</u>	<u>2003</u>
PUBLIC SUPPORT AND REVENUE		
Contributions	\$ 19,222.33	\$ 37,148.15
Interest Income	24,836.13	24,000.27
Dividend Income	18,502.88	18,743.23
Realized Gain (Loss) on Sale of Investments	(46,357.26)	(13,777.33)
Net Increase (Decrease) in Fair Value of Investments	<u>197,137.90</u>	<u>(30,172.48)</u>
TOTAL PUBLIC SUPPORT AND REVENUE	\$ <u>213,341.98</u>	\$ <u>35,941.84</u>
 FUNCTIONAL EXPENSES		
Program Services	\$ 27,874.23	\$ 30,065.55
Management, General and Fund-raising	<u>32,896.15</u>	<u>41,978.80</u>
TOTAL FUNCTIONAL EXPENSES	\$ <u>60,770.38</u>	\$ <u>72,044.35</u>
INCREASE (DECREASE) IN NET ASSETS	\$ 152,571.60	\$ (36,102.51)
NET ASSETS, BEGINNING OF YEAR	<u>1,476,434.73</u>	<u>1,512,537.24</u>
NET ASSETS, END OF YEAR	<u>\$1,629,006.33</u>	<u>\$1,476,434.73</u>

See accountants' report and accompanying notes to financial statements.

FOUNDATION FOR RETARDED CITIZENS, INC.
Lafayette, Louisiana
STATEMENTS OF FUNCTIONAL EXPENSES
For the Years Ended June 30, 2004 and 2003

	Program Services		Management, General and Fund-raising	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Grants	\$27,874.23	\$30,065.55		
Account Management Fees			\$30,398.61	\$28,918.80
Fund-raising				7,450.00
Accounting and Legal			435.00	5,495.00
Printing and Publications			150.00	
Insurance			1,840.50	
Bank Charges				38.00
Foreign Tax Paid			49.82	12.60
Miscellaneous			22.22	64.40
Total Functional Expenses	\$27,874.23	\$30,065.55	\$32,896.15	\$41,978.80

See accountants' report and accompanying notes to financial statements.

FOUNDATION FOR RETARDED CITIZENS, INC.
Lafayette, Louisiana
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2004 and 2003

	<u>2004</u>	<u>2003</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets	\$152,571.60	\$ (36,102.51)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities		
Realized (Gain) Loss on Sale of Investments	46,357.26	13,777.33
Net Change in Fair Value of Investments	(197,137.90)	30,172.48
Amortized Interest Discount	(49.73)	(152.21)
Amortized Interest Premium	4,140.51	2,374.34
Increase (Decrease) in Accounts Payable	<u>551.79</u>	<u>(6,909.45)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ <u>6,433.53</u>	\$ <u>3,159.98</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sale of Investments	\$555,693.96	\$550,960.23
Payments for Purchase of Investments and Other Assets	<u>(588,611.56)</u>	<u>(466,802.68)</u>
NET CASH USED BY INVESTING ACTIVITIES	\$ <u>(32,917.60)</u>	\$ <u>84,157.55</u>
NET INCREASE (DECREASE) IN CASH	\$ (26,484.07)	\$ 87,317.53
CASH AT BEGINNING OF YEAR	<u>145,019.52</u>	<u>57,701.99</u>
CASH AT ENDING OF YEAR	<u>\$118,535.45</u>	<u>\$145,019.52</u>

See accountants' report and accompanying notes to financial statements.

FOUNDATION FOR RETARDED CITIZENS, INC.
Lafayette, Louisiana
NOTES TO FINANCIAL STATEMENTS
June 30, 2004 and 2003

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

NATURE OF ACTIVITIES

The Foundation provides funding for programs to benefit retarded individuals. Currently, although not restricted to, the Lafayette Association for Retarded Citizens, Inc., is the only recipient of funds generated by investments held by the Foundation.

FINANCIAL STATEMENT PRESENTATION

The financial statements of the Foundation are prepared on the accrual basis of accounting. This means revenues are recognized when earned and expenses are recognized when incurred. Also, the 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*.

CASH AND CASH EQUIVALENTS

For purposes of the Statement of Cash Flows, currency and demand deposits are considered cash.

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.

INCOME TAX STATUS

The Foundation 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.

FUNCTIONAL EXPENSE ALLOCATIONS

A summary of the costs of providing program services (grants) is in the statement of functional expenses.

NOTE 2 - CONCENTRATIONS OF CREDIT RISK

The Foundation maintains cash accounts with Bank One, Lafayette District Telephone Credit Union, Iberiabank, and Legg Mason. With the exception of Legg Mason, the balances in these accounts normally are less than federally insured limits. The cash account with Legg Mason is privately insured by the Securities Investor Protection Corporation (SIPC). The Foundation has not experienced any losses in these accounts and believes it is not exposed to any significant credit risk on cash.

NOTE 3 - LITIGATION

The Foundation is not involved in any lawsuits.

NOTE 4 - RELATED PARTY TRANSACTIONS

The Foundation made grants to Lafayette Association for Retarded Citizens, Inc. (LARC). These grants totaled \$27,874.23 for the year ended June 30, 2004, and \$30,065.55 for the year ended June 30, 2003. The Foundation is established to receive, invest, and distribute funds in furtherance of the purposes of LARC. The membership of the Foundation for Retarded Citizens is comprised of LARC's Board of Directors. The Foundation's Board of Directors includes LARC's Board President and Treasurer and three members of the community appointed by LARC's Board of Directors.

NOTE 5 - INVESTMENTS

Marketable securities are classified as available for sale as of June 30, 2004 and 2003. Marketable securities consist of the following:

	2004			2003		
	Fair Value	Cost	Unrealized Gain (Loss)	Fair Value	Cost	Unrealized Gain (Loss)
Equity Securities	\$1,038,383	\$800,024	\$238,359	\$883,424	\$845,712	\$37,712
Debt Securities Issued by various Federally Chartered Investment Corporations	339,524	343,988	(4,464)	389,118	392,558	(3,440)
Debt Securities Issued by Public Corporations	75,817	76,362	(545)	0	0	0
Debt Securities Issued by the U. S. Treasury	26,102	25,047	1,055	28,047	25,054	2,993
Total	\$1,479,826	\$1,245,421	\$234,405	\$1,300,589	\$1,263,324	\$37,265

NOTE 6 - SUBSEQUENT EVENTS

Early in the next fiscal year, the Board of Directors altered investment goals and re-directed investments into non-equity positions. It is their intention to restrict investments to low-risk interest-bearing securities.

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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
Foundation for Retarded Citizens, Inc.
Lafayette, Louisiana

We have audited the financial statements of the Foundation for Retarded Citizens, Inc., (a nonprofit organization) as of and for the years ended June 30, 2004 and 2003, and have issued our report thereon, dated October 29, 2004. 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 Foundation'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 Foundation'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 judgement, could adversely affect the Foundation'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 below.

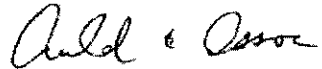
2002-2. FINDING: Due to the small number of employees, there is inadequate segregation of duties within the accounting system. In large organizations, segregation of duties is used to increase the integrity of the records. The effects of inadequate segregation of duties make it possible for someone to misuse Foundation assets.

RECOMMENDATION: No action is recommended.

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 believe that the reportable condition described above is a material weakness.

This report is intended solely for the information and use of the Board of Directors and Management of the Foundation for Retarded Citizens, Inc., applicable state and federal agencies, and the Louisiana Legislative Auditor. This report is not intended to be and should not be used by anyone other than these specified parties.

AULD & ASSOCIATES



Certified Public Accountants

Lafayette, Louisiana
October 29, 2004



303 NEW HOPE ROAD LAFAYETTE, LA 70506 PH: 337.984.6110 FAX: 337.984.1102
October 29, 2004

Legislative Auditor
State of Louisiana
P.O. Box 94397
Baton Rouge, LA 70804-9397

Dear Sirs:

Re: Management's Corrective Action Plan

The Foundation for Retarded Citizens respectfully submits the following corrective action plan for the year ended June 30, 2004.

Audit Report:

2002-2. Segregation of duties

Although a very small number of employees re required to operate the business of the foundation, we have polices that should maintain the integrity of records and disbursements of funds. The policies are as follows:

- a. All expenditures must be approved by the Board of Directors before payment is made.
- b. A professional money manager (Legg Mason) invests and maintains substantially all funds.
- c. Two signatures are required on all disbursements checks over \$5,000 when issues.

Should you have any questions regarding this plan, please do not hesitate to contact me at the above number.

Very truly yours,


Glenn M. Weber
Executive Director

Created for the Sustained Financial Support of

THE LAFAYETTE ASSOCIATION FOR RETARDED CITIZENS



303 NEW HOPE ROAD LAFAYETTE, LA 70506 PH: 337.984.6110 FAX: 337.984.1102

**FOUNDATION FOR RETARDED CITIZENS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED JUNE 30, 2004 AND 2003**

2002-1. **CONDITION:** The Foundation does not keep a complete, comprehensive and timely maintained set of records. It is an acceptable practice to maintain journals and a general ledger (often called a set of books), which brings together all the financial records of an organization. Without a set of books, it is unfeasible to develop audited financial statements without additional auditing procedures.

RECOMMENDATION: The Foundation should institute a record keeping system to record all transactions from all sources into one inclusive financial record.

CURRENT STATUS: The Foundation instituted a computerized accounting system.

2002-2. **CONDITION:** Due to the small number of employees, there is inadequate segregation of duties within the accounting system. In large organizations, segregation of duties is used to increase the integrity of the records. The effects of inadequate segregation of duties make it possible for someone to misuse Foundation assets.

RECOMMENDATION: No action recommended.

CURRENT STATUS: At this time, we have no plans to take corrective action. It is unreasonable for us to hire additional employees to maintain a segregation of duties. Nevertheless, we maintain procedures to limit our vulnerability.

Created for the Sustained Financial Support of

THE LAFAYETTE ASSOCIATION FOR RETARDED CITIZENS