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**WESTBANK ARC, INCORPORATED  
FINANCIAL REPORT**

**JUNE 30, 2004**

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 11-24-04

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**INDEPENDENT AUDITOR'S REPORT**

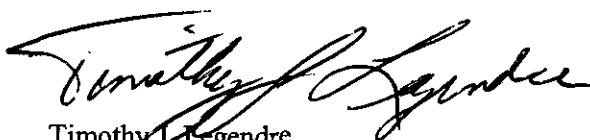
Board of Directors  
Westbank ARC, Incorporated  
523 Cook Street  
Gretna Louisiana 70053

I have audited the accompanying statement of financial position and cash flows of Westbank ARC, Incorporated (a nonprofit organization), as of and for the year ended June 30, 2004 and the related statements of activities and functional expenses for the two years ended June 30, 2004 and 2003. These financial statements are the responsibility of Westbank ARC, Incorporated's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my 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 I 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position and cash flows of Westbank ARC, Incorporated as of and for the year ended June 30, 2004, and the results of its operations for the years ended June 30, 2004 and 2003 in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued a report on my consideration of the Westbank ARC, Incorporated's compliance and internal control over financial reporting dated September 23, 2004.



Timothy J. Legendre  
Certified Public Accountant

Harvey, Louisiana  
September 23, 2004

**FINANCIAL STATEMENTS**

**WESTBANK ARC, INCORPORATED**  
**STATEMENT OF FINANCIAL POSITION**  
**June 30, 2004**

**ASSETS**

<b>Current Assets</b>	
Cash and cash equivalents	\$ 41,429
Due from funding sources	44,239
Accrued interest receivable	6,763
Certificates of deposit	285,427
Prepaid expenses	<u>6,493</u>
Total Current Assets	<u>384,351</u>
<b>Property and Equipment</b>	
Automobiles	49,864
Leasehold improvements	28,927
Furniture and equipment	<u>22,364</u>
	101,155
Accumulated Depreciation	<u>63,683</u>
Total Property and Equipment	<u>37,472</u>
<b>Investments</b>	<u>363,371</u>
Total Assets	<u><u>\$ 785,194</u></u>

**LIABILITIES AND NET ASSETS**

<b>Current Liabilities</b>	
Accounts payable	\$ 3,520
Payroll taxes payable	<u>1,310</u>
Total Current Liabilities	4,830
<b>Net Assets</b>	
Unrestricted	
Designated	5,358
Undesignated	<u>775,006</u>
Total Net Assets	<u>780,364</u>
Total Liabilities and Net Assets	<u><u>\$ 785,194</u></u>

See accompanying notes to financial statements.

**WESTBANK ARC, INCORPORATED**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED JUNE 30, 2004 AND 2003**

	<u>2004</u>	<u>2003</u>
<b>REVENUES</b>		
<b>DAY-HABILITATION PROGRAM REVENUE</b>		
Dept. of Health and Hospitals (DHH) Waiver	\$ 142,890	\$ 110,329
Jeff. Parish Human Services Authority (JPHSA)	132,353	110,767
Normal Life	35,425	30,775
Catholic Charities	5,600	7,650
Tuition	847	2,088
Transportation income	772	813
Donations	1,509	2,367
Rental donation	20,019	20,019
Net gain on investments carried at fair value	4,965	6,137
Interest and dividend income	14,800	13,675
Miscellaneous income	20	291
	<u>359,200</u>	<u>304,911</u>
<b>SUPPORTED-EMPLOYMENT PROGRAM REVENUE</b>		
Jeff. Parish Human Services Authority (JPHSA)	3,600	3,600
Louisiana Rehabilitation Services(LRS)	23,393	45,433
Donations	647	835
Rental donation	8,579	8,579
Net gain on investments carried at fair value	2,128	2,630
Interest and dividend income	6,343	5,860
Miscellaneous income	-	113
	<u>44,690</u>	<u>67,050</u>
Total Supported-Employment Program Revenue	<u>44,690</u>	<u>67,050</u>
Total Program Revenue	<u>403,890</u>	<u>371,961</u>
<b>EXPENSES</b>		
Day-Habilitation Program Expenses	257,707	234,943
Supported-Employment Program Expenses	76,611	88,623
Total Expenses	<u>334,318</u>	<u>323,566</u>
Increase in net assets	<u>69,572</u>	<u>48,395</u>
Unrestricted net assets beginning of year	<u>710,792</u>	<u>662,397</u>
Unrestricted net assets end of year	<u>\$780,364</u>	<u>\$ 710,792</u>

See accompanying notes to financial statements.

**WESTBANK ARC, INCORPORATED**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**FOR THE YEARS ENDED JUNE 30, 2004 AND 2003**

	<u>2004</u>	<u>2003</u>
<b>DAY-HABILITATION PROGRAM EXPENSES</b>		
Salaries	\$ 161,036	\$ 152,588
Depreciation	7,852	6,334
Employment expense	2,281	937
Insurance	20,621	13,475
Lease	20,019	20,019
Miscellaneous	3,009	2,425
Office expense and postage	3,003	3,088
Payroll tax expense	13,074	11,474
Professional services	1,960	3,716
Repairs and maintenance	5,013	2,172
Supplies	2,826	2,674
Telephone	1,137	1,384
Travel and seminars	346	1,995
Utilities	1,375	1,429
Vocational aids	1,321	2,435
Vehicle expense	12,834	8,798
Total Day-Habilitation Program Expenses	<u>257,707</u>	<u>234,943</u>
<b>SUPPORTED-EMPLOYMENT PROGRAM EXPENSES</b>		
Salaries	41,141	54,407
Depreciation	3,365	2,715
Employment expense	1,810	1,268
Insurance	8,599	6,806
Lease	8,580	8,580
Miscellaneous	1,151	1,030
Office expense and postage	1,233	1,376
Payroll tax expense	3,467	4,161
Professional services	840	1,593
Repairs and maintenance	2,092	894
Supplies	808	887
Telephone	1,292	892
Travel and seminars	429	1,104
Utilities	589	612
Vocational aids	54	196
Vehicle expense	1,161	2,102
Total Supported-Employment Program Expenses	<u>76,611</u>	<u>88,623</u>
Total Program Expenses	<u>\$ 334,318</u>	<u>\$ 323,566</u>

See accompanying notes to financial statements.

**WESTBANK ARC, INCORPORATED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2004**

Cash flows from operating activities	
Increase in net assets	\$ 69,572
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation and Amortization	11,217
Unrealized gain on investments	(7,093)
Increase in due from funding source	(2,571)
Decrease in accrued interest receivable	23,130
Increase in prepaid expenses	(148)
Increase in accounts payable	2,929
Decrease in payroll taxes payable	<u>(4,211)</u>
Total adjustments	<u>23,253</u>
Net cash provided by operating activities	<u>92,825</u>
Cash flow from investing activities	
Purchase of investments	(183,437)
Purchase of equipment	(555)
Proceeds from the sale of investments	<u>74,056</u>
Net cash used in investing activities	<u>(109,936)</u>
Net decrease in cash and cash equivalents	(17,111)
Cash and cash equivalents, beginning of year	<u>58,540</u>
Cash and cash equivalents, end of year	<u><u>\$ 41,429</u></u>

See accompanying notes to financial statements.



**WESTBANK ARC, INCORPORATED**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2004 AND 2003**

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

Organization - Westbank ARC, Incorporated (Formerly Westbank Association for Retarded Children, Inc.), a Louisiana Not-for-Profit Organization, organized October 24, 1956, provides supported employment and day habilitation services to individuals diagnosed with developmental disabilities.

Basis of Accounting - The accompanying financial statements have been prepared on the accrual basis of accounting and in accordance with the principles of not-for-profit accounting.

Accounting Standards - During 1997, the Association adopted the provisions of Statement of Financial Accounting Standards SFAS No. 116 *Accounting for Contributions Received and Contributions Made*, and SFAS No. 117, *Financial Statements of Not-for-Profit Organizations*, and SFAS No. 124, *Accounting for Certain Investments Held by Not-for-Profit Organizations*, and applied these standards on a retroactive basis.

SFAS No. 116 requires that unconditional promises to give be recorded as receivables and revenues and requires the organization to distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions.

SFAS No. 117 establishes standards for external financial reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting purposes into these net asset categories according to donor imposed restrictions and expenses of the organization's operation be classified functionally for accounting and reporting purposes.

A description of the three net asset categories required by SFAS No. 117 follows:

Permanently Restricted Net Assets - These are net assets subject to donor-imposed stipulations that they be maintained permanently by the Association. Generally, the donors of these assets permit the Association to use all or part of the income earned on related investments for general or specific purposes.

Temporarily Restricted Net Assets - These are assets subject to donor-imposed stipulations that may or will be met by actions of the Association and/or the passage of time.

Unrestricted Net Assets - These are net assets not subject to donor-imposed stipulations.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law.

**WESTBANK ARC, INCORPORATED**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2004 AND 2003**

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):**

Cash and Cash Equivalents - Cash and cash equivalents, for statement of cash flow purposes, include investments in highly liquid debt instruments with original maturity of three months or less.

Investments - In accordance with SFAS No. 124 investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value with gains and losses included in the statement of activities.

Property and Equipment - Property and equipment are stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from 5 to 31.5 years. Depreciation expense for the years ended June 30, 2004 and 2003 was \$11,217 and \$9,049, respectively.

Donated Services - SFAS No. 116 requires that donated services should be recognized in the financial statements if the services either (a) create or enhance a nonfinancial asset or (b) require specialized skills. No amounts have been recognized in the statement of activities, because the criteria for recognition under SFAS No. 116 have not been satisfied.

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 and disclosure of contingent 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.

Income Taxes - The Association is exempt from taxes under Section 501 (c)(3) of the Internal Revenue Code. No provision for taxes is necessary.

**WESTBANK ARC, INCORPORATED**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2004 AND 2003**

**NOTE 2 - CERTIFICATE OF DEPOSIT**

Certificates of deposit are carried at cost. At June 30, 2004 the Association had certificates of deposit as follows:

<u>Bank</u>	<u>Cost</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Maturity Value</u>
LaSalle Nat'l Bank	\$ 9,058	0.000%	January 11, 2005	\$14,000
Lehman Bro Bank	15,000	7.200%	May 10, 2005	15,000
American Nat'l Bank	15,000	7.000%	February 16, 2006	15,000
LaSalle Nat'l Bank	31,132	0.000%	December 15, 2006	44,000
Discover Bank	25,000	4.800%	January 23, 2007	25,000
Discover Bank	20,000	4.800%	June 19, 2007	20,000
Lasalle Nat'l Bank	2,344	0.000%	September 11, 2007	4,000
Capital Crossing	12,000	5.250%	October 3, 2008	12,000
Morton Comm. Bank	14,993	3.500%	March 3, 2009	15,000
Charter Bank	39,000	5.100%	May 26, 2009	39,000
OBA Federal Bank	10,000	5.300%	January 29, 2010	10,000
Key Bank	25,000	4.300%	December 20, 2010	25,000
First Bank	20,000	3.250%	July 23, 2010	20,000
Merrill Lynch	10,400	0.000%	October 3, 2012	15,000
Standard Federal	10,000	4.400%	December 24, 2013	10,000
Fremont Bank	13,000	4.000%	April 14, 2014	13,000
LaSalle Bank	13,500	0.000%	May 9, 2017	27,000
	<u>\$285,427</u>			<u>\$323,000</u>

**NOTE 3 - INVESTMENTS**

Investments in marketable equity securities and all debt securities are stated at fair value. Investments are comprised of the following:

Bonds	\$ 83,018
Marketable equity securities – Stock	138,809
Mutual Funds	<u>141,544</u>
 Total investments	 <u>\$ 363,371</u>

**WESTBANK ARC, INCORPORATED**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2004 AND 2003**

**NOTE 4 - COMMITMENTS**

The Association leases its building under a twenty-five year lease beginning January 1, 1988 and ending December 31, 2013 for a yearly rental of one dollar. The current estimated fair rental value of the facility less the Association's annual contractual lease obligation is equal to \$28,599, which is recorded as rental donation revenue and lease expense.

The lease restricts the use of the premises to the operation of a school for retarded children. The Lessee is required to maintain public liability insurance on the building in the amount of \$100,000/\$300,000. The lease may be renewed for a like term and at the same rental by giving sixty days notice to the Jefferson Parish School Board before expiration.

**NOTE 5 - RETIREMENT ALLOWANCE**

The Association pays a retirement allowance to employees who retire with board approval with a minimum of ten years continuous service and who have attained age 55. Employees are paid a lump sum based on a percentage of their monthly base salary at retirement. The percentage ranges from 260% after 10 years of service to 510% after 20 years of service. As of June 30, 2004 the contingent liability for retirement payments is \$10,069.

The benefits are recorded as an expense at the time of board approval and payment. During the years ended June 30, 2004 and 2003 the board approved and paid benefits of \$-0-.

**NOTE 7 - CONCENTRATION OF SUPPORT**

The association receives a substantial amount of its support from the State of Louisiana and Parish of Jefferson, Louisiana. A significant reduction in the level of this support, if it were to occur, would have an effect on the Association's programs and activities.

Receivables from funding sources for services rendered are unsecured.

**NOTE 8 - AMOUNTS PAID TO GOVERNING BOARD MEMBERS**

For the years ended June 30, 2004 and 2003 there was no compensation paid to the members of the Board of Directors of Westbank ARC, Incorporated.

**COMPLIANCE AND INTERNAL CONTROL SECTION**

**Timothy J. Legendre**  
**Certified Public Accountant**  
**Post Office Box 1916**  
**Harvey, LA 70059**  
**Telephone (504) 349-9192**  
**Fax (504) 362-2663**

**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  
Westbank ARC, Incorporated  
523 Cook Street  
Gretna, Louisiana 70053

I have audited the financial statements of Westbank ARC, Incorporated as of and for the two years ended June 30, 2004, and have issued my report thereon dated September 23, 2004. I conducted my 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 Westbank ARC, Incorporated financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

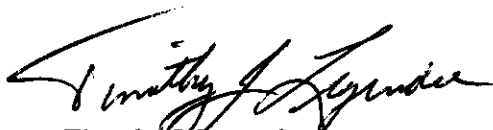
Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Westbank ARC, Incorporated's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting.

My 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. I noted no matters involving the internal control over financial reporting and its operation that I consider to be a material weakness.

This report is intended solely for the information and use of the Board of Directors of Westbank ARC, Incorporated, management and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Timothy J. Legendre  
Certified Public Accountant

Harvey, Louisiana  
September 23, 2004

**WESTBANK ARC, INCORPORATED**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE TWO YEARS ENDED JUNE 30, 2004**

I have audited the financial statements of Westbank ARC, Incorporated as of and for the two years ended June 30, 2004 and have issued my report thereon dated September 23, 2004. I conducted my 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. My audit of the financial statements as of June 30, 2004 resulted in an unqualified opinion.

**Section I Summary of Auditor's Reports**

**Report on Internal Control and Compliance Material to the Financial Statements**

Internal Control

Material Weaknesses  Yes  No    Reportable Conditions  Yes  No

Compliance

Compliance Material to Financial Statements  Yes  No

**Federal Awards**

None

**Section II Financial Statement Findings**

**A. Issues of Non Compliance**

None

**B. Reportable Conditions**

None



**WESTBANK ARC, INCORPORATED  
MANAGEMENT'S CORRECTIVE ACTION PLAN  
FOR THE TWO YEARS ENDED JUNE 30, 2004**

**Section I Internal Control and Compliance Material to the Financial Statements**

No issues requiring response for the two years ended June 30, 2004.

**Section II Management Letter**

No issues requiring response for the two years ended June 30, 2004.

**WESTBANK ARC, INCORPORATED  
SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE TWO YEARS ENDED JUNE 30, 2004**

**Section I Internal Control and Compliance Material to the Financial Statements**

None

**Section II Management Letter**

None