

ASSUMPTION ASSOCIATION FOR RETARDED CITIZENS, INC.

(A NOT FOR PROFIT ORGANIZATION)

FINANCIAL STATEMENTS

JUNE 30, 2017

C O N T E N T S

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Assumption Association for Retarded Citizens, Inc.
Napoleonville, Louisiana

We have audited the accompanying financial statements of Assumption Association for Retarded Citizens, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of significant estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Assumption Association for Retarded Citizens, Inc. as of June 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of support and revenue on pages 11-12, functional expenses on pages 13-14 and the schedule of compensation, benefits and other payments to chief executive officer on page 15 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 18, 2017 on our consideration of Assumption Association for Retarded Citizens, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Assumption Association for Retarded Citizens, Inc.'s internal control over financial reporting and compliance.

Postel... Neth...

Donaldsonville, Louisiana
September 18, 2017

ASSUMPTION ASSOCIATION FOR RETARDED CITIZENS, INC.
(A NOT FOR PROFIT ORGANIZATION)
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2017 AND 2016

| | <u>2017</u> | <u>2016</u> |
|---|----------------------------|----------------------------|
| <u>ASSETS:</u> | | |
| Cash and cash equivalents | \$ 631,297 | \$ 670,872 |
| Certificates of deposit | 523,089 | 518,254 |
| Accounts receivable | 137,182 | 189,458 |
| Inventory | - | 12,126 |
| Investments | 760,570 | 661,706 |
| Other assets | 733 | 998 |
| Buildings and equipment, net | <u>933,609</u> | <u>1,019,880</u> |
| TOTAL ASSETS | <u>\$ 2,986,480</u> | <u>\$ 3,073,294</u> |
| <u>LIABILITIES AND NET ASSETS:</u> | | |
| Accounts payable | \$ 19,966 | \$ 57,368 |
| Salaries and payroll taxes payable | <u>27,971</u> | <u>82,643</u> |
| TOTAL LIABILITIES | <u>47,937</u> | <u>140,011</u> |
| <u>NET ASSETS:</u> | | |
| Unrestricted | <u>2,938,543</u> | <u>2,933,283</u> |
| TOTAL NET ASSETS | <u>2,938,543</u> | <u>2,933,283</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 2,986,480</u> | <u>\$ 3,073,294</u> |

The accompanying notes are an integral part of these statements.

ASSUMPTION ASSOCIATION FOR RETARDED CITIZENS, INC.
(A NOT FOR PROFIT ORGANIZATION)
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2017 AND 2016

| | 2017 | 2016 |
|--|--------------|-----------------|
| <u>REVENUES, GAINS, AND OTHER SUPPORT, UNRESTRICTED:</u> | | |
| Public Support: | | |
| Public contributions | \$ 8,498 | \$ 9,328 |
| Allocated by Capital Area United Way | 34,406 | 33,909 |
| Contributions from government agencies | 2,126,352 | 2,131,517 |
| Other Revenue: | | |
| Sales to public (net of expenses of \$22,787 and \$15,874, respectively) | 171,874 | 187,207 |
| Fundraising | 13,875 | 16,300 |
| Fundraising - unrestricted formerly restricted | - | 26,000 |
| Activity center services | 104,883 | 143,777 |
| Investment income | 42,334 | 50,019 |
| Miscellaneous | 292 | 1,079 |
| Net gain (loss) on sales and disposal of assets | (1,739) | 13,000 |
| Net unrealized gain (loss) on investments | 64,144 | (19,220) |
| Total revenues, gains, and other support, unrestricted | 2,564,919 | 2,592,916 |
| <u>REVENUES, TEMPORARILY RESTRICTED:</u> | | |
| Fundraising - removed from restriction | - | (26,000) |
| Total revenues, temporarily restricted | - | (26,000) |
| <u>EXPENSES AND LOSSES:</u> | | |
| Residential Services | | |
| Napoleonville Manor | 460,716 | 526,708 |
| Thibaut Manor | 410,455 | 439,983 |
| Day-Program Services | | |
| Activity Center | 422,678 | 494,685 |
| Project Fund | 211,014 | 160,365 |
| Association Fund | 24,567 | 40,737 |
| Waiver Services | 619,619 | 586,079 |
| General and Administrative | | |
| Central Office | 410,610 | 375,892 |
| Total expenses | 2,559,659 | 2,624,449 |
| Change in net assets | 5,260 | (57,533) |
| Net assets at beginning of year | 2,933,283 | 2,990,816 |
| Net assets at end of year | \$ 2,938,543 | \$ 2,933,283 |

The accompanying notes are an integral part of these statements.

ASSUMPTION ASSOCIATION FOR RETARDED CITIZENS, INC.
(A NOT FOR PROFIT ORGANIZATION)
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2017 AND 2016

| | 2017 | 2016 |
|---|------------|--------------|
| <u>CASH FLOWS FROM OPERATING ACTIVITIES:</u> | | |
| Change in net assets | \$ 5,260 | \$ (57,533) |
| Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities: | | |
| Department of Transportation grant for vehicles | - | (109,572) |
| Depreciation | 108,825 | 108,588 |
| Unrealized (gain) loss on investments | (64,144) | 19,220 |
| (Gain) loss on sales of property and equipment | 1,739 | (13,000) |
| Decrease (increase) in accounts receivable | 52,276 | (35,032) |
| Decrease (increase) in other assets | 265 | (60) |
| Decrease (increase) in inventory | 12,126 | (485) |
| Decrease in prepaid expenses | - | 26,000 |
| (Decrease) increase in accounts payable | (37,402) | 34,018 |
| (Decrease) increase in salaries and payroll taxes payable | (54,672) | 10,277 |
| Net cash provided by (used in) operating activities | 24,273 | (17,579) |
| <u>CASH FLOWS FROM INVESTING ACTIVITIES:</u> | | |
| Maturity of certificates of deposit | - | 50,650 |
| Purchase of certificates of deposit | (4,835) | (119,029) |
| Purchases of investments | (34,720) | (44,380) |
| Purchases of property and equipment | (24,293) | (36,373) |
| Proceeds from sales of property and equipment | - | 13,000 |
| Net cash used in investing activities | (63,848) | (136,132) |
| Net decrease in cash and cash equivalents | (39,575) | (153,711) |
| Cash and cash equivalents at beginning of year | 670,872 | 824,583 |
| Cash and cash equivalents at end of year | \$ 631,297 | \$ 670,872 |
| <u>NONCASH INVESTING ACTIVITIES:</u> | | |
| Property and equipment obtained through DOTD grant | \$ - | \$ (109,572) |

The accompanying notes are an integral part of these statements.

ASSUMPTION ASSOCIATION FOR RETARDED CITIZENS, INC.
(A NOT FOR PROFIT ORGANIZATION)

NOTES TO FINANCIAL STATEMENTS

1. **Summary of Significant Accounting Policies**

- A. Assumption Association for Retarded Citizens, Inc. (the Association) is a non-profit organization which was formed to furnish education and recreation to the mentally retarded and handicapped persons of Assumption Parish. The Association is solely dependent upon appropriation from State agencies and other contributions.
- B. To ensure proper usage of restricted and unrestricted assets, the Association maintains its accounts according to generally accepted accounting principles, whereby funds are classified in accordance with specified restrictions or objectives.
- C. Buildings and equipment are recorded at cost and are being depreciated using the straight-line methods over their estimated useful lives as follows:
- | | |
|--------------------------|---------------|
| Buildings | 30 - 40 years |
| Transportation equipment | 5 years |
| Other equipment | 5 - 10 years |
- D. Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts. Management considers accounts receivable that are more than 30 days old to be past due. Additionally, management has determined that accounts receivable that are more than one year old may not be collectible. Therefore, the reserve for uncollectible accounts is based upon the balance of receivables that are more than one year old. Management has determined that all receivables as of year-end are collectible.
- E. The majority of the Association's revenue is derived from third-party reimbursement arrangements. These revenues and the allowability of the related expenditures are subject to audits by the granting agencies.
- F. 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 purpose of restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities and changes in net assets as net assets released from restrictions. The Association has no temporarily restricted assets at June 30, 2017 and 2016, respectively. The Association has no permanently restricted net assets at June 30, 2017 or 2016.

The Association reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Association reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Contributions of donated noncash assets as well as contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

ASSUMPTION ASSOCIATION FOR RETARDED CITIZENS, INC.
(A NOT FOR PROFIT ORGANIZATION)

NOTES TO FINANCIAL STATEMENTS

1. **Summary of Significant Accounting Policies** (continued)

- G. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.
- H. The Association considers all cash and cash equivalents with a maturity of three months or less when purchased to be cash and cash equivalents. During the year and as of June 30, 2017, the Association had deposits that exceed FDIC insurance limits. Management believes this risk is limited.
- I. The Association accounts for income taxes in accordance with income tax accounting guidance included in the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC).
- The Association is a nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. Therefore, the Association has not recorded a provision for income taxes in the accompanying financial statements and the Association does not have any uncertain tax positions. The Association files a federal income tax return under U.S. federal jurisdiction.
- J. Expenses are charged directly to programs in categories based on specific identification. Indirect expenses have been allocated based on total expenses for each program.
- K. Investments in marketable securities with readily determinable fair values are valued at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets.
- L. Inventory is stated at cost that approximates market value using the first-in first-out method.
- M. Certain amounts in the 2016 financial statements have been reclassified to conform to the 2017 presentation.

2. **Buildings and Equipment**

Buildings and equipment at June 30, 2017 and 2016 consisted of the following:

| | 2017 | 2016 |
|--------------------------------|--------------|--------------|
| Building | \$ 1,557,722 | \$ 1,552,116 |
| Transportation equipment | 490,768 | 513,703 |
| Furniture and equipment | 297,292 | 357,186 |
| | 2,345,782 | 2,423,005 |
| Less: Accumulated depreciation | (1,412,173) | (1,403,125) |
| | \$ 933,609 | \$ 1,019,880 |

Depreciation expense was \$108,825 and \$108,588 for the years ended June 30, 2017 and 2016, respectively.

ASSUMPTION ASSOCIATION FOR RETARDED CITIZENS, INC.
(A NOT FOR PROFIT ORGANIZATION)

NOTES TO FINANCIAL STATEMENTS

3. Contributions from Government Agencies

Contributions from government agencies for the year ended June 30, 2017 consisted of the following:

| | Napoleonville Manor | Thibaut Manor | Activity Center | Project Fund | Waiver Services | Total |
|---------------------------------------|------------------------|------------------|--------------------|------------------|--------------------|---------------------|
| Title XIX | \$ 402,447 | \$315,918 | \$ - | \$ - | \$ - | \$ 718,365 |
| Patient Liability | 49,768 | 77,182 | - | - | - | 126,950 |
| OMR | - | - | 21,175 | - | - | 21,175 |
| Waiver Contract | - | - | 411,823 | - | 768,038 | 1,179,861 |
| Department of Transportation Grant | 7,317 | 5,932 | 39,958 | 18,751 | 8,043 | 80,001 |
| Total | <u>\$ 459,532</u> | <u>\$399,032</u> | <u>\$472,956</u> | <u>\$ 18,751</u> | <u>\$ 776,081</u> | <u>\$ 2,126,352</u> |

Contributions from government agencies for the year ended June 30, 2016 consisted of the following:

| | Napoleonville Manor | Thibaut Manor | Activity Center | Waiver Services | Total |
|---------------------------------------|------------------------|------------------|--------------------|--------------------|--------------------|
| Title XIX | \$ 453,395 | \$343,673 | \$ - | \$ - | \$ 797,068 |
| Patient Liability | 53,259 | 78,672 | - | - | 131,931 |
| OMR | - | - | 18,060 | - | 18,060 |
| Waiver Contract | - | - | 400,338 | 674,548 | 1,074,886 |
| Department of Transportation Grant | - | 31,446 | 46,680 | 31,446 | 109,572 |
| Total | <u>\$ 506,654</u> | <u>\$453,791</u> | <u>\$465,078</u> | <u>\$ 705,994</u> | <u>\$2,131,517</u> |

4. Line of Credit

The Association entered into an open line of credit in the amount of \$50,000 maturing September 2017, of which, \$50,000 was unused at June 30, 2017. The line bears interest at a 3.3 percent interest rate. Interest payments are due monthly. The line is secured by a certificate of deposit.

5. Commitments and Contingencies

None.

ASSUMPTION ASSOCIATION FOR RETARDED CITIZENS, INC.
(A NOT FOR PROFIT ORGANIZATION)

NOTES TO FINANCIAL STATEMENTS

6. Fair Values of Financial Instruments

In Accordance with the Fair Value Measurements and Disclosure topic of FASB ASC, disclosure of fair value information about financial instruments, whether or not recognized in the statements of financial position is required. Fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instruments. Therefore, the aggregate fair value amounts presented do not represent the underlying value of the Association.

The fair value guidance provides a consistent definition of fair value, which focuses on exit price in an orderly transaction (that is, not a forced liquidation or distressed sale) between market participants at the measurement date under current market conditions. If there has been a significant decrease in the volume and level of activity for the asset or liability, a change in valuation technique or the use of multiple valuation techniques may be appropriate. In such instances, determining the price at which willing market participants would transact at the measurement date under current market conditions depends on the facts and circumstances and requires use of significant judgment. The fair value is a reasonable point within the range that is most representative of fair value under current market conditions.

In accordance with this guidance, the Association groups its financial assets and financial liabilities generally measured at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value.

- Level 1 – Valuation is based on quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 1 assets and liabilities generally include debt and equity securities that are traded in an active exchange market. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.
- Level 2 – Valuation is based on inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly. The valuation may be based on quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the asset or liability.
- Level 3 – Valuation is based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which determination of fair value requires significant management judgment or estimation.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

ASSUMPTION ASSOCIATION FOR RETARDED CITIZENS, INC.
(A NOT FOR PROFIT ORGANIZATION)

NOTES TO FINANCIAL STATEMENTS

6. **Fair Values of Financial Instruments** (continued)

The following methods and assumptions were used by the Association in estimating its fair value disclosures for financial instruments:

Securities

Securities are classified within Level 1 where quoted market prices are available in an active market. Inputs include securities that have quoted prices in active markets for identical assets. If quoted market prices are unavailable, fair value is estimated using pricing models or quoted prices of securities with similar characteristics, at which point the securities would be classified within Level 2 of the hierarchy.

The following table presents for each fair value hierarchy levels, of the Association's financial assets and liabilities that are measured at fair value on a recurring basis.

| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> |
|---------------------------------|-------------------|----------------|----------------|
| June 30, 2017 | | | |
| Mutual funds invested in stocks | <u>\$ 760,570</u> | <u>\$ -</u> | <u>\$ -</u> |
| | | | |
| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> |
| June 30, 2016 | | | |
| Mutual funds invested in stocks | <u>\$ 661,706</u> | <u>\$ -</u> | <u>\$ -</u> |

7. **Subsequent Events**

Assumption Association for Retarded Citizens, Inc. has evaluated subsequent events through September 18, 2017, the date that the financial statements were available to be issued, and determined that there were no events that require disclosure. No events occurring after this date have been evaluated for inclusion in these financial statements.

SUPPLEMENTARY INFORMATION

ASSUMPTION ASSOCIATION FOR RETARDED CITIZENS, INC.
(A NOT FOR PROFIT ORGANIZATION)
SCHEDULES OF SUPPORT AND REVENUE
YEARS ENDED JUNE 30, 2017 AND 2016

| | <u>Napoleonville Manor</u> | | <u>Thibaut Manor</u> | | <u>Activity Center</u> | | <u>Project Fund</u> | |
|--|----------------------------|-------------------|----------------------|-------------------|------------------------|-------------------|---------------------|-------------------|
| | <u>2017</u> | <u>2016</u> | <u>2017</u> | <u>2016</u> | <u>2017</u> | <u>2016</u> | <u>2017</u> | <u>2016</u> |
| Unrestricted: | | | | | | | | |
| Public Support: | | | | | | | | |
| Public contributions | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 580 | \$ 442 |
| Allocated by Capital Area United Way | - | - | - | - | - | - | - | - |
| Contributions from governmental agencies | 459,532 | 506,654 | 399,032 | 453,791 | 472,956 | 465,078 | 18,751 | - |
| Other Revenue: | | | | | | | | |
| Unrealized (loss) gain on investments | 5,849 | (1,753) | 16,794 | (5,032) | - | - | - | - |
| Realized (loss) gain on sale of assets | - | 5,250 | - | 7,250 | (1,739) | 500 | - | - |
| Sales to public (net of expenses) | - | - | - | - | - | - | 171,874 | 187,207 |
| Fundraising | - | - | - | - | - | - | - | - |
| Fundraising - unrestricted, formerly restricted | - | - | - | - | - | - | - | - |
| Activity Center services | - | - | - | - | 104,883 | 143,777 | - | - |
| Investment income | 3,311 | 4,192 | 9,509 | 12,036 | - | - | 11 | 215 |
| Miscellaneous income | - | - | - | 639 | 292 | 440 | - | - |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total Public Support and Other Revenue, unrestricted | <u>\$ 468,692</u> | <u>\$ 514,343</u> | <u>\$ 425,335</u> | <u>\$ 468,684</u> | <u>\$ 576,392</u> | <u>\$ 609,795</u> | <u>\$ 191,216</u> | <u>\$ 187,864</u> |
| Temporarily restricted: | | | | | | | | |
| Fundraising - removed from restriction | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Total Revenue, temporarily restricted | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

ASSUMPTION ASSOCIATION FOR RETARDED CITIZENS, INC.
(A NOT FOR PROFIT ORGANIZATION)
SCHEDULES OF SUPPORT AND REVENUE
YEARS ENDED JUNE 30, 2017 AND 2016

| | <u>Association Fund</u> | | <u>Waiver Services</u> | | <u>Central Office</u> | |
|---|-------------------------|--------------------|------------------------|-------------------|-----------------------|-------------|
| | <u>2017</u> | <u>2016</u> | <u>2017</u> | <u>2016</u> | <u>2017</u> | <u>2016</u> |
| Unrestricted: | | | | | | |
| Public Support: | | | | | | |
| Public contributions | \$ 7,918 | \$ 8,886 | \$ - | \$ - | \$ - | \$ - |
| Allocated by Capital Area United Way | 34,406 | 33,909 | - | - | - | - |
| Contributions from governmental agencies | - | - | 776,081 | 705,994 | - | - |
| Other Revenue: | | | | | | |
| Unrealized (loss) gain on investments | 34,791 | (2,011) | 6,710 | (10,424) | - | - |
| Realized (loss) gain on sale of assets | - | - | - | - | - | - |
| Sales to public (net of expenses) | - | - | - | - | - | - |
| Fundraising | 13,875 | 16,300 | - | - | - | - |
| Fundraising - unrestricted, formerly restricted | - | 26,000 | - | - | - | - |
| Activity Center services | - | - | - | - | - | - |
| Investment income | 3,799 | 4,851 | 25,704 | 28,725 | - | - |
| Miscellaneous income | - | - | - | - | - | - |
| Total Public Support and Other Revenue, unrestricted | <u>\$ 94,789</u> | <u>\$ 87,935</u> | <u>\$ 808,495</u> | <u>\$ 724,295</u> | <u>\$ -</u> | <u>\$ -</u> |
| Temporarily restricted: | | | | | | |
| Fundraising - removed from restriction | <u>\$ -</u> | <u>\$ (26,000)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Total Revenue, temporarily restricted | <u>\$ -</u> | <u>\$ (26,000)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

ASSUMPTION ASSOCIATION FOR RETARDED CITIZENS, INC.

(A NOT FOR PROFIT ORGANIZATION)

SCHEDULES OF FUNCTIONAL EXPENSES

YEARS ENDED JUNE 30, 2017 AND 2016

| | <u>Napoleonville Manor</u> | | <u>Thibaut Manor</u> | | <u>Activity Center</u> | | <u>Project Fund</u> | |
|-------------------------------------|----------------------------|--------------------|----------------------|--------------------|------------------------|-------------------|---------------------|-------------------|
| | <u>2017</u> | <u>2016</u> | <u>2017</u> | <u>2016</u> | <u>2017</u> | <u>2016</u> | <u>2017</u> | <u>2016</u> |
| Salaries | \$ 225,873 | \$ 235,061 | \$ 209,798 | \$ 208,735 | \$ 248,223 | \$ 243,933 | \$ 116,569 | \$ 111,934 |
| Employee benefits | - | - | - | - | - | - | - | - |
| Activity center services | 56,371 | 79,924 | 48,512 | 63,852 | - | - | - | - |
| Insurance | 8,324 | 31,238 | 8,045 | 25,083 | 30,866 | 124,650 | 18,965 | - |
| Office supplies | 347 | 7 | 347 | 11 | 22 | 437 | - | - |
| Auto expense | 4,096 | 4,220 | 2,245 | 2,707 | 41,993 | 31,061 | 13,320 | 11,387 |
| Professional services | 8,539 | 5,826 | 7,945 | 6,420 | - | - | - | - |
| Telephone | 1,367 | 1,485 | 1,880 | 1,286 | 2,210 | 976 | 494 | 494 |
| Travel and entertainment | 294 | 115 | 294 | 115 | 1,103 | 210 | 83 | 328 |
| Food | 30,627 | 33,801 | 26,464 | 27,203 | - | 191 | - | - |
| Payroll taxes | 17,101 | 17,889 | 15,633 | 15,631 | 18,355 | 18,375 | 8,754 | 8,698 |
| Contract work | 1,626 | 1,472 | 1,699 | 2,234 | 1,623 | 1,310 | 80 | - |
| Other | 5,908 | 5,380 | 2,757 | 2,805 | 893 | 220 | 4,531 | 7,226 |
| Repairs and maintenance | 9,842 | 12,144 | 4,118 | 4,317 | 20,866 | 4,282 | 22,541 | 14,458 |
| Depreciation | 22,693 | 23,001 | 10,121 | 11,520 | 36,342 | 55,214 | 19,912 | 272 |
| Bad debts | - | - | 8,417 | - | 7,027 | - | - | - |
| Advertising | - | - | - | - | - | - | 820 | 542 |
| Fundraising | - | - | - | - | - | - | - | - |
| Utilities | 7,525 | 7,636 | 10,529 | 9,686 | 5,936 | 6,551 | 4,945 | 5,026 |
| Supplies | 9,003 | 10,666 | 8,960 | 9,694 | 7,219 | 7,275 | - | - |
| Medical services | 9,917 | 9,992 | 7,322 | 10,021 | - | - | - | - |
| Bed fee | 41,263 | 46,851 | 35,369 | 38,663 | - | - | - | - |
| Total expense before central office | <u>\$ 460,716</u> | <u>\$ 526,708</u> | <u>\$ 410,455</u> | <u>\$ 439,983</u> | <u>\$ 422,678</u> | <u>\$ 494,685</u> | <u>\$ 211,014</u> | <u>\$ 160,365</u> |
| Central office overhead | <u>\$ 82,988</u> | <u>\$ 87,432</u> | <u>\$ 72,744</u> | <u>\$ 73,037</u> | <u>\$ 75,906</u> | <u>\$ 82,116</u> | <u>\$ 35,956</u> | <u>\$ 29,256</u> |
| Transfers (in) out | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 373</u> | <u>\$ -</u> | <u>\$ 189,768</u> | <u>\$ -</u> | <u>\$ (163,533)</u> | <u>\$ -</u> |
| Change in net assets | <u>\$ (75,012)</u> | <u>\$ (99,797)</u> | <u>\$ (58,237)</u> | <u>\$ (44,336)</u> | <u>\$ (111,960)</u> | <u>\$ 32,994</u> | <u>\$ 107,779</u> | <u>\$ (1,757)</u> |

ASSUMPTION ASSOCIATION FOR RETARDED CITIZENS, INC.

(A NOT FOR PROFIT ORGANIZATION)

SCHEDULES OF FUNCTIONAL EXPENSES

YEARS ENDED JUNE 30, 2017 AND 2016

| | <u>Association Fund</u> | | <u>Waiver Services</u> | | <u>Central Office</u> | |
|-------------------------------------|-------------------------|------------------|------------------------|-------------------|-----------------------|---------------------|
| | <u>2017</u> | <u>2016</u> | <u>2017</u> | <u>2016</u> | <u>2017</u> | <u>2016</u> |
| Salaries | \$ - | \$ - | \$ 552,088 | \$ 505,199 | \$ 206,859 | \$ 197,258 |
| Employee benefits | - | - | 100 | - | - | - |
| Activity center services | - | - | 199 | 888 | - | - |
| Insurance | - | - | 7,560 | 22,094 | 104,227 | 89,001 |
| Office supplies | - | - | 264 | 950 | 14,883 | 14,444 |
| Auto expense | - | - | 3,333 | 2,902 | - | 365 |
| Professional services | - | - | - | - | 20,200 | 19,940 |
| Telephone | - | - | 179 | 389 | 4,132 | 3,795 |
| Travel and entertainment | 1,019 | 80 | 507 | 213 | 173 | 257 |
| Food | 2,797 | 4,260 | - | 23 | - | 17 |
| Payroll taxes | - | - | 41,427 | 38,470 | 17,587 | 14,542 |
| Contract work | - | - | - | - | 6,472 | 7,126 |
| Other | 8,280 | 5,906 | 830 | 995 | 3,960 | 2,765 |
| Repairs and maintenance | - | 4,071 | 241 | 427 | 14,334 | 9,046 |
| Depreciation | - | - | 12,211 | 13,076 | 7,546 | 5,505 |
| Bad debts | - | - | - | - | - | - |
| Advertising | 694 | - | - | - | 698 | 1,200 |
| Fundraising | 11,615 | 26,411 | - | - | - | - |
| Utilities | - | - | - | - | 7,328 | 7,752 |
| Supplies | 162 | 9 | 624 | 453 | 2,149 | 2,879 |
| Medical services | - | - | 56 | - | 62 | - |
| Bed fee | - | - | - | - | - | - |
| Total expense before central office | <u>\$ 24,567</u> | <u>\$ 40,737</u> | <u>\$ 619,619</u> | <u>\$ 586,079</u> | <u>\$ 410,610</u> | <u>\$ 375,892</u> |
| Central office overhead | <u>\$ 4,211</u> | <u>\$ 6,764</u> | <u>\$ 112,197</u> | <u>\$ 97,287</u> | <u>\$ (384,002)</u> | <u>\$ (375,892)</u> |
| Transfers (in) out | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (26,608)</u> | <u>\$ -</u> |
| Change in net assets | <u>\$ 66,011</u> | <u>\$ 14,434</u> | <u>\$ 76,679</u> | <u>\$ 40,929</u> | <u>\$ -</u> | <u>\$ -</u> |

ASSUMPTION ASSOCIATION FOR RETARDED CITIZENS, INC.
(A NOT FOR PROFIT ORGANIZATION)
SCHEDULE OF COMPENSATION, BENEFITS
AND OTHER PAYMENTS TO CHIEF EXECUTIVE OFFICER
YEAR ENDED JUNE 30, 2017

CHIEF EXECUTIVE OFFICER: Marvin Schwartzburg

| | | |
|----------------|----|---------------|
| Salary | \$ | 71,069 |
| Travel & Meals | | 30 |
| Benefits | | 36 |
| Reimbursements | | 37 |
| | \$ | <u>71,172</u> |

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

Board of Directors
Assumption Association for
Retarded Citizens, Inc.
Napoleonville, Louisiana

We have audited, 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, the financial statements of Assumption Association for Retarded Citizens, Inc. (a not for profit organization), which comprise the statement of financial position as of June 30, 2017, the statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 18, 2017.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Assumption Association for Retarded Citizens, Inc.'s internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Assumption Association for Retarded Citizens, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Assumption Association for Retarded Citizens, Inc.'s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Assumption 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 grant agreements, 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 or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Postellman : Metairie

Donaldsonville, Louisiana
September 18, 2017

ASSUMPTION ASSOCIATION FOR RETARDED CITIZENS, INC.

SCHEDULE OF FINDINGS AND RESPONSES

YEAR ENDED JUNE 30, 2017

SUMMARY OF AUDIT RESULTS

1. The independent auditors' report expressed an unmodified opinion on the financial statements of Assumption Association for Retarded Citizens, Inc.
2. No material weaknesses relating to the audit of the financial statements are reported for the year ended June 30, 2017.
3. No instances of noncompliance material to the financial statements of Assumption Association for Retarded Citizens, Inc. were disclosed during the audit for the year ended June 30, 2017.

ASSUMPTION ASSOCIATION FOR RETARDED CITIZENS, INC.

SCHEDULE OF PRIOR FINDINGS

YEAR ENDED JUNE 30, 2017

SECTION I – FINANCIAL STATEMENT FINDINGS

2016-001 Segregation of Duties

Condition: There is one employee who is responsible for depositing the cash received and recording the deposit in the general ledger. There is no independent review of the journal entries that have been recorded in the general ledger.

Recommendation: Internal control should be designed in order to prevent one individual from recording cash receipts and depositing the cash that has been received. Additionally, in order to prevent manipulation of the financial statements, journal entries that are recorded in the general ledger should be reviewed by someone that is independent of the ability to record general journal entries.

Current Status: Internal control has been improved to include the segregation of duties related to the receipt and depositing of cash. General journal entries are being reviewed monthly by a member of the Board.

To the Board of Directors
Assumption Association for Retarded Citizens, Inc.
Napoleonville, LA.

We have audited the financial statements of the Assumption Association for Retarded Citizens, Inc. for the year ended June 30, 2017, and have issued our report thereon dated September 18, 2017. Professional standards suggest that we provide you with the following information related to our audit.

As stated in our engagement letter dated August 7, 2017 our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with generally accepted accounting principles. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, irregularities, or illegal acts, including fraud and defalcations, may exist and not be detected by us.

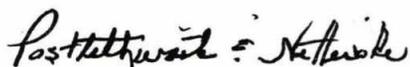
As part of our audit, we considered the internal control structure of the Assumption Association for Retarded Citizens, Inc.. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control structure. During the course of the performance of our audit procedures and documentation of the Association's internal controls, we noted certain immaterial items that have been communicated to management by way of discussion. The following is a description of items that were of such significance to comment in a formal management letter.

ML-2017-001 Revenue Recognition

Findings: The billings that are submitted to the State are not recorded until the payments are received. Additionally, accounts receivable accounts had not been reconciled to subsidiary ledgers as of year-end.

Recommendations: The respective revenue and the corresponding receivable should be recorded upon submission of the billings to the State. Additionally, the accounts receivable accounts should be reconciled to subsidiary ledgers each month.

This information is intended solely for the use of the Board and management of the Assumption Association for Retarded Citizens, Inc. and should not be used for any other purpose.



Donaldsonville, Louisiana
September 18, 2017



BOARD MEMBERS

Daniel Landry, President
Larry Boudreaux, Vice President
Francis Barbier, Secretary
Wayne Arboneaux
Rene Daza
Susan Harrison
Patricia Verrette

P.O. Drawer 1040
4201 Highway 1
Napoleonville, LA 70390
(985) 369-2907/2908
FAX (985) 369-2657

Marvin Schwartzenburg
Executive Director
mschwartzenburg@aarcinc.org

September 21, 2017

Louisiana Legislative Auditor

Assumption Association for Retarded Citizens, Inc. respectfully submits the following corrective action plan for the year ended June 30, 2017.

Name and address of independent public accounting firm: Postlethwaite & Netterville, APAC
P.O. Box 1190
Donaldsonville, LA 70346

Financial Statement Period: July 1, 2016 – June 30, 2017

The findings from the Schedule of Findings and Responses and Management Letter are discussed below. The findings are numbered consistently with the numbers assigned in the Schedule of Findings and Responses and the Management Letter.

ML-2017 – 001 REVENUE RECOGNITION

Finding: The billings that are submitted to the State are not recorded until the payments are received. Additionally, accounts receivable accounts had not been reconciled to subsidiary ledgers as of year-end.

Action Taken: Reconciliation will begin to happen when the billing summary is received instead of when the Remittance Advice is received by the Accounting Coordinator. Additionally, the launching of the mandatory EVV system was an issue. SRI, ourselves, and any other involved party continue to work together to resolve ongoing issues.



The above corrective action plan addresses the current year findings. If you need additional information concerning the corrective action plan, please contact Marvin Schwartzburg, Executive Director, P.O. Box 1040, Napoleonville, La 70390.

A handwritten signature in black ink, appearing to read "Marvin Schwartzburg". The signature is fluid and cursive, with the first name "Marvin" being the most prominent.

Marvin Schwartzburg

Executive Director

Assumption Association for Retarded Citizens, Inc.