

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

**AUDIT REPORT
June 30, 2004**

**AULD & ASSOCIATES
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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 2-2-05

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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 Lafayette Association for Retarded Citizens, Inc., (a nonprofit organization) as of June 30, 2004, 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 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.

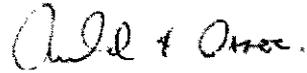
On May 1, 1979, buildings in existence were restated to appraisal values. In our opinion, assets should be stated at acquisition cost, or if donated, recorded at their fair value at the date of the gift, net of depreciation, to conform with generally accepted accounting principles. The effects of this practice on the financial statements are undetermined.

In our opinion, except for the effects of recording certain buildings at appraisal values, as discussed in the preceding paragraph, the financial statements referred to in the first paragraph present fairly in all material respects the financial position of Lafayette Association for Retarded Citizens, Inc., as of June 30, 2004, and the changes in its net assets and its cash flows for the year 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 November 17, 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.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of 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.

AULD & ASSOCIATES

A handwritten signature in cursive script, appearing to read "Auld & Assoc.", is written over the printed name.

Certified Public Accountants

Lafayette, Louisiana
November 17, 2004

LAFAYETTE ASSOCIATION FOR RETARDED CITIZENS, INC.
Lafayette, Louisiana
STATEMENT OF FINANCIAL POSITION
June 30, 2004

ASSETS

CURRENT ASSETS

Cash	\$2,070,193	
Accounts Receivable (net of allowance for doubtful accounts of \$15,000)	324,645	
Contributions Receivable	6,233	
Due from Foundation for Retarded Citizens, Inc.	552	
Prepaid Insurance	60,403	
Inventory	<u>12,988</u>	
Total Current Assets		\$2,475,014

OTHER ASSETS

Investments		200,033
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COLLECTIONS (See Note 4)

PLANT ASSETS

Buildings	\$3,807,910	
Furniture and Fixtures	132,223	
Machinery and Equipment	477,860	
Transportation Equipment	436,641	
Land	<u>112,099</u>	
Totals	\$4,966,733	
Less: Accumulated Depreciation	<u>3,034,111</u>	
Total Plant Assets		<u>1,932,622</u>

TOTAL ASSETS

\$4,607,669

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable	\$ 40,089	
Accrued Payroll and Payroll Taxes	98,068	
Deferred Revenue	<u>250</u>	
Total Current Liabilities		\$ 138,407

NET ASSETS

Unrestricted		
Operating	\$2,536,640	
Plant Assets	<u>1,932,622</u>	
Total Net Assets		<u>4,469,262</u>

TOTAL LIABILITIES AND NET ASSETS

\$4,607,669

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, 2004

	<u>Unrestricted Net Assets</u>	
PUBLIC SUPPORT AND REVENUE		
Public Support		
Program Revenues	\$3,721,102	
Contributions	141,820	
Special Events	<u>280,754</u>	
Total Public Support		\$4,143,676
Revenue		
Other Revenue	\$ 6,946	
Interest and Dividend Income	20,904	
Membership Dues	2,011	
Decrease in Fair Value of Investments	(2,792)	
Loss on Sale of Assets	<u>(796)</u>	
Total Revenue		<u>26,273</u>
TOTAL PUBLIC SUPPORT AND REVENUE		<u>\$4,169,949</u>
FUNCTIONAL EXPENSES		
Program Services		
Client Development	\$1,327,383	
Housing	1,462,029	
Respite	299,633	
Acadian Village	<u>326,354</u>	
Total Program Services		\$3,415,399
Supporting Services		
Management and General	\$ 452,718	
Fund-raising	<u>144,205</u>	
Total Supporting Services		<u>596,923</u>
TOTAL FUNCTIONAL EXPENSES		<u>\$4,012,322</u>
INCREASE IN NET ASSETS		\$ 157,627
NET ASSETS, BEGINNING OF YEAR		<u>4,311,635</u>
NET ASSETS, END OF YEAR		<u>\$4,469,262</u>

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, 2004

	PROGRAM SERVICES					SUPPORTING SERVICES		TOTALS
	Client Development	Housing	Respite	Academy Village	Total Program Services	Management & General	Fund-raising	
Salaries	\$ 642,739	\$ 754,129	\$ 212,680	\$ 108,737	\$ 1,718,285	\$ 739,911	\$ 28,875	\$ 2,486,871
Client Salaries	154,889				154,889			154,889
Payroll Taxes	59,931	55,997	16,169	8,086	140,183	17,563	2,150	159,896
Employee Benefits	74,714	65,730	8,268	3,680	152,392	16,362		168,944
Pension Plan Contribution	8,132	8,739	2,471	735	20,177	7,131	656	27,964
TOTAL SALARIES & RELATED EXPENSES	\$ 940,115	\$ 881,565	\$ 238,586	\$ 119,438	\$ 2,180,706	\$ 280,857	\$ 31,682	\$ 2,493,255
Cost of Goods Sold				32,484	32,484			32,484
Work Activity Expense	34,229				34,229			34,229
Insurance	134,165	81,790	22,823	45,712	284,480	25,214	3,827	313,521
Professional Services	704	101,542	579	103	102,928	34,505		137,433
Utilities & Garbage	27,273	15,238	7,743	18,199	68,453	5,262		73,715
Food	12,903	85,729	7,007		105,639			105,639
Supplies	12,957	44,911	6,130	6,596	70,594	8,693		79,287
Repairs & Maintenance	9,988	15,452	1,526	58,167	85,133	20,095		105,198
Vehicle Repairs & Maintenance	30,875	6,264	1,226		38,365	1,040		39,405
Fuel	28,903	6,398	677	222	36,161	1,015		37,176
Telephone	2,878	8,460	1,763	4,249	17,370	5,652		23,022
Travel	1,710	18,718	1,291	2,850	24,569	5,243		29,812
Conferences	488	1,015	255	42	1,800	2,614		4,414

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, 2004

	PROGRAM SERVICES					SUPPORTING SERVICES		TOTALS
	Client Development	Housing	Respite	Acadian Village	Total Program Services	Management & General	Fund-raising	
Taxes & Licenses		144,882	1,009		145,891	76		145,787
Postage	183	311	130	308	932	1,883		2,863
Promotion & Advertising				6,448	6,448			6,448
Dues & Subscriptions	65	599		415	1,079	6,886		7,985
Performers & Concessions				6,908	6,908			6,908
Interest Expense					0	1,383		1,383
Equipment Lease	3,046	5,513	1,280	816	10,655	6,013		16,668
Employee Incentives					0	5,188		5,188
Bank Charges				1,510	1,510	5,163		6,673
Christmas Program					0		100,281	100,281
Miscellaneous Expense	258	869	232	889	2,046	5,448		7,494
TOTAL FUNCTIONAL EXPENSES BEFORE DEPRECIATION	\$1,241,268	\$1,480,577	\$293,199	\$306,355	\$3,240,399	\$420,068	\$135,780	\$5,786,247
Depreciation	86,115	61,452	9,434	20,999	178,000	32,680	5,429	216,078
TOTAL FUNCTIONAL EXPENSES	\$1,327,383	\$1,462,029	\$299,603	\$326,354	\$3,415,399	\$452,748	\$144,205	\$6,012,322

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, 2004

CASH FLOWS FROM OPERATING ACTIVITIES	
Increase in Net Assets	\$ 157,627
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities	
Depreciation	216,075
Decrease in Fair Value of Investments	2,792
Loss on Sale of Assets	796
Unrecovered Cost of Donated Assets	2,981
Non-Cash Contributions	(58,382)
(Increase) Decrease in Operating Assets	
Accounts Receivable	(12,440)
Contributions Receivable	(1,316)
Due from Foundation for Retarded Citizens, Inc.	(552)
Prepaid Insurance	(45,524)
Inventory	(2,500)
Deposits	14,696
Prepaid Expenses	5,277
Increase (Decrease) in Operating Liabilities	
Accounts Payable	(2,094)
Accrued Payroll and Payroll Taxes	<u>7,849</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 285,285</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from Sale of Assets	\$ 8,000
Payments for Property and Equipment	<u>(85,138)</u>
NET CASH USED BY INVESTING ACTIVITIES	<u>\$ (77,138)</u>
NET INCREASE IN CASH	\$ 208,147
CASH AT BEGINNING OF YEAR	<u>1,862,046</u>
CASH AT ENDING OF YEAR	<u>\$2,070,193</u>
SUPPLEMENTAL DISCLOSURES	
Interest Paid	<u>\$ 1,383</u>
Non-Cash Investing and Financing Activities	
Property and Equipment acquired with non-cash contributions	<u>\$ 58,382</u>

See accountants' report and accompanying notes to financial statements.

LAFAYETTE ASSOCIATION FOR RETARDED CITIZENS, INC.
Lafayette, Louisiana
NOTES TO FINANCIAL STATEMENTS
June 30, 2004

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 clients 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 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*.

PLANT ASSETS

On May 1, 1979, buildings in existence were restated to appraisal values. These assets represent \$281,247 of total plant assets (net of \$1,197,734 in accumulated depreciation). All other plant assets are stated at cost or, if donated, at fair market value at date of receipt. The Association capitalizes 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 thirty years. Depreciation expense for assets valued at appraisal value is \$11,417 and for assets valued at historical cost is \$204,658. The Association has \$284,930 of buildings with historical value exempt from depreciation in accordance with SFAS No. 93.

CASH AND CASH EQUIVALENTS

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

ACCOUNTS RECEIVABLE

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible accounts through an adjustment to earnings and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Changes in the valuation allowance have not been material to the financial statements.

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 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.

FUNCTIONAL EXPENSE ALLOCATIONS

A summary of the costs of providing various program 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. 116 have not been satisfied.

INVENTORY

Inventory of Acadian 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 \$6,448 were expensed as incurred.

NOTE 2 - CONTRIBUTIONS RECEIVABLE

Contributions receivable consist of an amount due from United Way of Acadiana. This contribution is expected to be collected by December, 2004. Therefore, no allowance for uncollectible pledges has been recorded.

NOTE 3 - CONCENTRATIONS OF CREDIT RISK

The Association maintains cash in several accounts at two local banks. Cash at both of these institutions exceeded federally insured limits. The amount in excess of federal insurance limits totaled \$1,988,587 at June 30, 2004. The financial institutions have pledged \$1,997,005 of U. S. government agency securities as collateral to cover the excess.

Credit risk with respect to accounts receivable is limited because approximately 89% of the balances are receivable from governmental sources.

NOTE 4 - COLLECTIONS

The Association is the recipient of 17 original oil paintings by the internationally known artist George Rodrigue. *No ownership restrictions are imposed on the Association. The Association presents the collection of paintings for public viewing in a separate and secure art gallery. Also included in the collection is a diorama depicting the ceremony claiming Louisiana for France, constructed by the artist Robert Dafford. The Association elects not to capitalize its collections.*

NOTE 5 - CHANGE IN ACCOUNTING ESTIMATE

The useful lives of several depreciable assets were changed during the year ended June 30, 1998. The effect of these changes was to increase depreciation expense and thereby decrease net assets by \$7,136 for the current year.

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). The collective bargaining agreement expires October 31, 2006. In the Association's opinion, the collective bargaining agreement will have no material adverse effect on operations.

NOTE 7 - LITIGATION

The Association is not involved in any lawsuit. However, allegations have been made that the Association has violated various trademark-related rights. Nonetheless, no lawsuit has been filed. Legal counsel believes the allegations to be without merit.

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 to 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 access of these assets. The Association's right as a beneficiary, and the economic value, is subject to potential change.

NOTE 10 - EMPLOYEE BENEFIT PLAN

The Association maintains a qualified defined contribution profit sharing plan with a 401(k) deferred compensation provision. All employees who are at least 21 years of age and have completed one year of service including a minimum of 1,000 hours of service are eligible to participate in the plan. The plan provides for partial vesting of employer contributions after two years and full vesting after four years of service. Employee contributions are 100% vested. Employees may contribute up to 15% of their pretax income. The Association's contribution is discretionary and is determined annually by the Board of Directors. A discretionary contribution of \$26,469 was made for the year ended June 30, 2004.

NOTE 11 - LEASES

The Association leases four copiers and a mailing system under operating leases expiring between October, 2005, and October, 2007. In the normal course of business, operating leases are generally renewed or replaced by other leases. Total lease expense for the year ended June 30, 2004, is \$16,668.

Minimum future rental payments under noncancelable operating leases for each of the next five years and in the aggregate are:

Year Ending June 30, 2005	15,495
Year Ending June 30, 2006	13,707
Year Ending June 30, 2007	12,321
Year Ending June 30, 2008	3,179
Year Ending June 30, 2009	<u>-0-</u>
Total minimum future rental payments	<u>\$44,702</u>

NOTE 12 - RELATED PARTY TRANSACTIONS

During the year ended June 30, 2004, the Association sold four vehicles to a corporation primarily owned by a member of the LARC Board of Directors. Total proceeds were \$8,000. The Association engaged the same corporation to perform general maintenance and minor repairs on several of its vehicles. The cost of these services for the year ended June 30, 2004, totaled \$18,269, of which \$357 is included in accounts payable.

The Association purchased a used vehicle, at a cost of \$18,915, from a corporation whose President is on the LARC Board of Directors.

The Association received contributions totaling \$27,874 from the Foundation for Retarded Citizens, Inc. The Foundation was 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 13 - INVESTMENTS

Investments consisted of two mutual funds, and are carried in the Statement of Financial Position at fair market value determined using quoted market prices. Investment income, included in the Statement of Activities, consisted of dividend income of \$3,524 and unrealized losses of \$2,792. Cost and market values as of June 30, 2004, are as follows:

	<u>Cost</u>	<u>Market Value</u>
One Group Ultra Short Term Bond Fund C	\$100,456	\$ 99,845
Oppenheimer Limited Government C	100,489	100,188
Total	<u>\$200,945</u>	<u>\$200,033</u>

LAFAYETTE ASSOCIATION FOR RETARDED CITIZENS, INC.
Lafayette, Louisiana
SCHEDULE OF ACTIVITIES BY COMPONENT
For the Year Ended June 30, 2004

	PROGRAM SERVICES				SUPPORTING SERVICES			TOTALS
	Client Development	Housing	Respite	Acadian Village	Total Program Services	Management & General	Fund-raising	
SUPPORT & REVENUE								
Program Revenue	\$1,226,580	\$1,830,408	\$332,612	\$229,084	\$3,718,602	\$ 2,500	\$280,784	\$3,721,102
Christmas Program								280,784
Other	86,653	9,817	10,597	18,058	126,926	41,197		168,093
TOTAL SUPPORT & REVENUE	\$1,313,153	\$1,840,223	\$343,209	\$247,143	\$3,845,528	\$ 43,697	\$280,784	\$4,169,949
EXPENSES								
Salaries	\$ 642,739	\$ 751,129	\$212,680	\$106,737	\$1,713,286	\$339,911	\$ 28,878	\$1,982,072
Client Salaries	154,399				154,399			154,399
Payroll Taxes	69,931	85,967	16,169	8,086	140,153	17,583	2,150	169,896
Employee Benefits	74,714	88,730	8,268	3,880	152,592	18,332		169,924
Pension Plan Contribution	6,132	8,738	2,471	736	20,077	7,131	686	27,874
Cost of Goods Sold								
Work Activity Expense	34,229				34,229			34,229
Insurance	134,155	81,790	22,823	46,712	284,480	25,214	3,827	313,521
Professional Services	784	101,542	579	103	102,928	34,305		137,433
Utilities & Garbage	27,273	35,238	7,743	18,189	88,453	5,252		93,705
Food	12,303	53,238	7,037		75,269			75,269
Supplies	12,957	14,811	8,130	6,594	70,284	6,893		75,967
Repairs & Maintenance	9,958	15,452	1,528	58,167	85,103	20,095		105,198
Vehicle Repairs & Maintenance	30,875	6,264	1,226		38,365	1,040		39,405

See accountants' report and accompanying notes to financial statements.

LAFAYETTE ASSOCIATION FOR RETARDED CITIZENS, INC.
 Lafayette, Louisiana
 SCHEDULE OF ACTIVITIES BY COMPONENT
 For the Year Ended June 30, 2004

	PROGRAM SERVICES					SUPPORTING SERVICES			TOTALS
	Client Development	Housing	Respite	Acadian Village	Total Program Services	Management & General	Fund-raising		
Fuel	28,863	8,368	577	223	38,031	1,015		37,176	
Telephone	3,678	8,480	1,763	4,248	18,170	5,852		24,022	
Travel	1,710	11,718	1,201	2,850	16,479	5,243		21,722	
Conferences	498	1,016	254	42	1,811	2,814		4,425	
Taxes & Licenses		144,682	1,068		145,750	76		145,767	
Postage	183	311	130	305	930	1,883		2,823	
Promotion & Advertising				6,448	6,448			6,448	
Dues & Subscriptions	65	566		415	1,079	6,286		7,365	
Performers & Concessions				6,908	6,908			6,908	
Interest Expense					0	1,363		1,363	
Equipment Lease	3,045	5,513	1,260	816	10,655	6,073		16,689	
Employee Incentives					0	5,186		5,186	
Bank Charges				1,510	1,510	5,103		6,613	
Christmas Program					0		100,281	100,281	
Miscellaneous Expense	266	609	232	889	2,046	5,448		7,494	
Depreciation	86,115	61,452	6,434	20,999	175,000	32,650	8,423	216,075	
TOTAL EXPENSES	\$1,327,383	\$1,462,028	\$288,633	\$328,354	\$3,475,389	\$ 452,718	\$134,206	\$4,912,322	
INCREASE (DECREASE) IN NET ASSETS	\$ (12,230)	\$ 477,994	\$ 43,576	\$(79,211)	\$ 430,129	\$(409,051)	\$136,549	\$ 137,627	

See accountants' report and accompanying notes to financial statements.

AULD & ASSOCIATES

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Lafayette, Louisiana 70506

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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
Lafayette Association for
Retarded Citizens, Inc.
Lafayette, Louisiana

We have audited the financial statements of Lafayette Association for Retarded Citizens, Inc., (a nonprofit organization) as of and for the year ended June 30, 2004, and have issued our report thereon, dated November 17, 2004. In our report, our opinion was qualified because certain assets are recorded at appraisal value. Further explanation is in the third paragraph of our report on the financial statements. 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 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 solely for the information and use of the Board of Directors and Management of Lafayette Association 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
November 17, 2004

ALLEMAN CENTER

Serving the Developmentally Disabled in Acadiana since 1952



Lafayette Association for
Retarded Citizens, Inc.

303 NEW HOPE ROAD
LAFAYETTE, LA 70506
(337) 984-6110 • FAX (337) 984-1102



PEOPLE HELPING PEOPLE
United Way

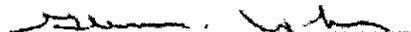
LAFAYETTE ASSOCIATION FOR RETARDED CITIZENS, INC. SUMMARY OF PRIOR YEAR FINDINGS FOR THE YEAR ENDED JUNE 30, 2004

1979-1. Buildings are recorded at appraisal values.

Condition: Certain buildings were restated to appraisal values on May 1, 1979. Generally accepted accounting principles require assets to be stated at acquisition cost, or if donated, recorded at their fair value at the date of gift. This situation requires a qualification in the audit report.

Recommendation: Our auditors informed us this qualification should continue until the appraised assets are disposed.

Current Status: At this time, we have no plans to take corrective action. It is unreasonable for us to sell the appraised buildings, as they are an essential part of the Association's operations.


Glenn Weber
Executive Director

ACADIAN VILLAGE
981-2364

FRED W. GERWICK
RESPIRE CENTER
981-7900

EARLY INTERVENTION
PROGRAM
988-1807

NEW HOPE CENTER
989-1803

RESIDENTIAL SERVICES
988-0640

SUPPORTED WORK
SYSTEMS
984-1047

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January 5, 2004

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

Re: Management's Corrective Action Plan

Dear Sirs:

Lafayette Association for Retarded Citizens, Inc., respectfully submits the following corrective action plan for the year ended June 30, 2004.

The finding from the audit report dated November 17, 2004, is discussed below.

Audit Report

1979-1. Buildings are recorded at appraisal values.

Recommendation: Our auditors informed us this qualification should continue until the appraised assets are disposed.

Action Taken: At this time, we have no plans to take corrective action. It is unreasonable for us to sell the appraised buildings, as they are an essential part of the Association's operations.

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

Very truly yours,

A handwritten signature in black ink, appearing to read "Glenn M. Weber".

Glenn M. Weber
Executive Director

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