

**DONALDSONVILLE AREA ASSOCIATION FOR RETARDED CITIZENS, INC.**

**(A NOT FOR PROFIT ORGANIZATION)**

**FINANCIAL STATEMENTS**

**JUNE 30, 2004 AND 2003**

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 2-16-05

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**INDEPENDENT AUDITORS' REPORT**

Board of Directors  
Donaldsonville Area Association for Retarded Citizens, Inc.  
Donaldsonville, Louisiana

We have audited the accompanying statements of financial position of Donaldsonville Area Association for Retarded Citizens, Inc., (a not for profit organization), as of June 30, 2004 and 2003 and the related statements of activities, and cash flows for the years then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 14, 2004 on our consideration of Donaldsonville Area Association for Retarded Citizens, Inc.'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 audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The Schedules of Expenses on page 7 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Donaldsonville, Louisiana  
September 14, 2004

**DONALDSONVILLE AREA ASSOCIATION FOR RETARDED CITIZENS, INC.**  
**(A NOT FOR PROFIT ORGANIZATION)**

**Donaldsonville, Louisiana**

**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2004 AND 2003**

	<u>2004</u>	<u>2003</u>
<b><u>ASSETS</u></b>		
Cash	\$ 181,156	\$ 234,775
Certificates of deposit	253,370	253,370
Investments	128,641	67,353
Accounts receivable	66,987	59,748
Prepaid expenses	3,587	2,826
Buildings and equipment, net	268,867	210,931
<b><u>TOTAL ASSETS</u></b>	<b><u>\$ 902,608</u></b>	<b><u>\$ 829,003</u></b>
 <b><u>LIABILITIES AND NET ASSETS</u></b>		
Accounts payable	\$ 2,045	\$ 7,005
Salaries payable	12,970	14,650
<b>TOTAL LIABILITIES</b>	<b>15,015</b>	<b>21,655</b>
<b>UNRESTRICTED NET ASSETS</b>	<b>887,593</b>	<b>807,348</b>
<b><u>TOTAL LIABILITIES AND NET ASSETS</u></b>	<b><u>\$ 902,608</u></b>	<b><u>\$ 829,003</u></b>

The accompanying notes are an integral part of these statements.

**DONALDSONVILLE AREA ASSOCIATION FOR RETARDED CITIZENS, INC.**  
**(A NOT FOR PROFIT ORGANIZATION)**

**Donaldsonville, Louisiana**

**STATEMENTS OF ACTIVITIES**  
**YEARS ENDED JUNE 30, 2004 AND 2003**

	<u>2004</u>	<u>2003</u>
<b><u>UNRESTRICTED NET ASSETS</u></b>		
<b><u>REVENUES AND OTHER SUPPORT</u></b>		
Public Support:		
Public contributions	\$ 6,038	\$ 5,719
Benefits	4,843	5,998
Grant revenue	1,000	1,000
Allocated by Capital Area United Way	25,507	24,270
Contributions from Government Agencies	527,303	522,943
Other Revenue:		
Membership dues - individual	4,405	3,195
Sales to public (net of expenses of \$11,224 and \$11,138 respectively)	141,953	119,688
Residential services	54,170	46,650
Investment earnings	16,133	14,788
Insurance proceeds	9,515	13,485
	<u>790,867</u>	<u>757,736</u>
 <b><u>EXPENSES</u></b>		
Residential services	293,007	284,188
Management and general	417,615	410,739
	<u>710,622</u>	<u>694,927</u>
 Change in net assets	 80,245	 62,809
Net assets at beginning of year	<u>807,348</u>	<u>744,539</u>
Net assets at end of year	<u>\$ 887,593</u>	<u>\$ 807,348</u>

The accompanying notes are an integral part of these statements.

**DONALDSONVILLE AREA ASSOCIATION FOR RETARDED CITIZENS, INC.**  
**(A NOT FOR PROFIT ORGANIZATION)**  
**Donaldsonville, Louisiana**

**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2004 AND 2003**

	2004	2003
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
Change in net assets	\$ 80,245	\$ 62,809
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	34,701	32,685
Loss on disposition of assets	762	5,072
(Increase) decrease in accounts receivable	(7,239)	293
(Increase) decrease in prepaid expenses	(761)	119
(Decrease) in accounts payable	(4,960)	(4,288)
Increase (decrease) in salaries payable	(1,680)	2,434
NET CASH PROVIDED BY OPERATING ACTIVITIES	101,068	99,124
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Net increase in certificates of deposit	-	(2,762)
Purchases of investments	(61,288)	(7,186)
Purchases of equipment	(93,399)	(55,956)
NET CASH USED FOR INVESTING ACTIVITIES	(154,687)	(65,904)
 Net increase (decrease) in cash and cash equivalents	 (53,619)	 33,220
Cash and cash equivalents at beginning of year	234,775	201,555
Cash and cash equivalents at end of year	\$ 181,156	\$ 234,775

The accompanying notes are an integral part of these statements.

**DONALDSONVILLE AREA ASSOCIATION FOR RETARDED CITIZENS, INC.**

**(A NOT FOR PROFIT ORGANIZATION)**

**Donaldsonville, Louisiana**

**NOTES TO FINANCIAL STATEMENTS**

1. **Summary of Significant Accounting Policies**

A. The Association is a not for profit organization formed to furnish education and recreation to the mentally retarded and handicapped citizens of the Donaldsonville area. Funding for the Association is dependent upon appropriations from State agencies and contributions from the public. Additional revenue is generated from services performed by clients for local businesses.

B. Buildings and equipment are recorded at cost and are being depreciated using the straight-line method over their estimated useful lives as follows:

Buildings	30 - 40 years
Transportation equipment	5 years
Other equipment	5 - 10 years

C. Management has determined that all accounts receivable are collectible. Therefore, no reserve for uncollectible accounts has been established. In the event that Management considers accounts receivable to be uncollectible, a statement is sent after 30 days past due. Additionally, Management will review any accounts receivable more than 30 days past due at the end of the fiscal year and determine if the account should be written off.

D. 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 restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

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.

E. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

F. The Association considers all cash accounts and certificates of deposit with a maturity of three months or less when purchased to be cash and cash equivalents.

G. The Association is exempt from the income taxes under Section 501 (c) (3) of the Internal Revenue Code and is not considered a private foundation.

H. Certain balances for June 30, 2004 have been reclassified to conform with the current years presentation.

**DONALDSONVILLE AREA ASSOCIATION FOR RETARDED CITIZENS, INC.**  
**(A NOT FOR PROFIT ORGANIZATION)**  
Donaldsonville, Louisiana

**NOTES TO FINANCIAL STATEMENTS**

2. **Cash and Certificates of Deposit**

At year-end, the carrying amount of the Association's deposits was \$434,526 and the bank balance was \$442,132. Of the bank balance, \$402,030 was covered by federal depository insurance and \$40,102 was uninsured at June 30, 2004.

3. **Investment Securities**

Investments are stated at fair market value and consist of the following at June 30, 2004 and 2003.

	2004	2003
Mutual funds	\$ 28,460	\$ 17,353
Government bonds	100,181	50,000
	\$ 128,641	\$ 67,353

4. **Lease Agreement**

The Association holds rights and title to a lease agreement - a 99 year lease signed with the City of Donaldsonville on December 26, 1972. The lease was signed for the land on which the Association's buildings are located. The lease becomes null and void if the leased premises are no longer used as a school for the retarded children. Under the terms of the lease, the Association pays no rental expense.

5. **Buildings and Equipment**

Buildings and equipment at June 30, consist of the following:

	2004	2003
Building	\$ 196,668	\$ 196,668
Building improvements	206,760	126,715
Transportation equipment	131,551	124,847
Other equipment	101,709	96,848
	636,688	545,078
Less: Accumulated depreciation	(367,821)	(334,147)
	\$ 268,867	\$ 210,931

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**(A NOT FOR PROFIT ORGANIZATION)**

**Donaldsonville, Louisiana**

**SCHEDULES OF EXPENSES**  
**YEARS ENDED JUNE 30, 2004 AND 2003**

	2004			(Memorandum Only) 2003
	Residential Services	Management and General	Total	Total
<b><u>EXPENSES</u></b>				
Salaries and wages	123,679	271,974	\$ 395,653	392,579
Repairs and maintenance	12,912	10,185	23,097	13,801
Supplies	7,792	7,319	15,111	11,372
Utilities	4,517	9,127	13,644	13,868
Telephone	3,028	2,310	5,338	4,289
Transportation expenses	29	1,103	1,132	1,266
Food	10,438	7,777	18,215	18,252
Payroll taxes	11,015	21,370	32,385	36,034
Insurance	6,690	32,448	39,138	42,673
Professional fees	5,070	4,715	9,785	9,224
Medical	2,606	415	3,021	2,690
Training	1,089	1,190	2,279	2,916
Day program	51,598	-	51,598	46,723
Client allowance	2,229	-	2,229	2,001
Bed fee	24,002	-	24,002	23,937
Contract labor	3,336	-	3,336	4,613
Gasoline	2,934	7,354	10,288	8,747
Vehicle repairs	883	5,666	6,549	6,537
Other	5,407	13,714	19,121	20,720
Total Expenses Before Depreciation	279,254	396,667	675,921	662,242
Depreciation of buildings and equipment	13,753	20,948	34,701	32,685
Total Expenses	<u>\$ 293,007</u>	<u>\$ 417,615</u>	<u>\$ 710,622</u>	<u>\$ 694,927</u>

**SUPPLEMENTARY INFORMATION**



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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**

Board of Directors  
Donaldsonville Area Association for Retarded Citizens, Inc.  
Donaldsonville, Louisiana

We have audited the financial statements of the Donaldsonville Area Association for Retarded Citizens, Inc. (a not for profit organization) as of and for the years ended June 30, 2004 and 2003, and have issued our report thereon dated September 14, 2004. We conducted our audits 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 Donaldsonville Area 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 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 one instance of noncompliance (Finding B-1) that is required to be reported under *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audits, we considered Donaldsonville Area Association For Retarded Citizens, Inc.'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, 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.

*Postlethwaite: McLawrie*

Donaldsonville, Louisiana  
September 14, 2004

**DONALDSONVILLE AREA ASSOCIATION FOR RETARDED CITIZENS, INC.**  
**(A NOT FOR PROFIT ORGANIZATION)**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**YEAR ENDED JUNE 30, 2004**

**A. Summary of Audit Results:**

- (1) The auditors' report expressed an unqualified opinion on the financial statements of the Donaldsonville Area Association for Retarded Citizens, Inc., of and for the year ended June 30, 2004.
- (2) No reportable condition relating to the audit of the financial statements is reported.
- (3) One instance of noncompliance relating to the financial statements of the Donaldsonville Area Association for Retarded Citizens, Inc. was disclosed during the audit and is listed at section B-1 of this schedule.

**B. Non-compliance:**

- (1) *Finding* – The entity's annual financial report for the year ended June 30, 2004 was not sent to the Legislative Auditor's office by the required date of December 31, 2004.

*Recommendation* – Establish procedures to insure timely filing.

*Management's response* - we concur with the finding and the recommendation. Although we expected that our accountants were filing our report, we will assume responsibility for this filing in the future.