

**CATAHOULA ASSOCIATION OF  
RETARDED CITIZENS, INC.  
JONESVILLE, LOUISIANA**

**Financial Statements & Auditor's Report**

**June 30, 2019  
& for the Year Then Ended**

**With Comparative  
Totals at June 30, 2018**

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## **THE VERCHER GROUP**

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Certified Fraud Examiners

### **INDEPENDENT ACCOUNTANT'S REPORT**

Catahoula Association of Retarded Citizens, Inc.  
Jonesville, Louisiana

We have reviewed the accompanying financial statements of the business-type activities of the Catahoula Association of Retarded Citizens, Inc. (CARC) (a nonprofit corporation), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the management of the Catahoula Association of Retarded Citizens, Inc. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

#### **Management's Responsibility for the Financial Statements**

The management of the Catahoula Association of Retarded Citizens, Inc. is responsible for the preparation and fair presentation of the 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 the financial statements that are free from material misstatement whether due to fraud or error.

#### **Accountant's Responsibility**

Our responsibility is to conduct the review engagement in accordance with *Statements on Standards for Accounting and Review Services* promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

#### **Accountant's Conclusion**

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

## **Summarized Comparative Information**

We previously reviewed the Catahoula Association of Retarded Citizens, Inc.'s financial statements and in our conclusion dated December 27, 2019, stated that based on our review, we were not aware of any material modifications that should be made to the financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America. We are not aware of any material modifications that should be made to the summarized comparative information presented herein as of and for the year ended December 31, 2019, for it to be consistent with the reviewed financial statements from which it has been derived.

*The Vercher Group*

December 27, 2019  
Jena, Louisiana

CATAHOULA ASSOCIATION OF RETARDED CITIZENS, INC.  
STATEMENT OF FINANCIAL POSITION  
June 30, 2019  
(With Comparative Totals at June 30, 2018)

ASSETS

	ASSETS			June 30,	
	General Fund	Work Activity Fund	Association Fund	2019 Total	2018 Total
Current assets					
Cash on hand and in banks	\$ 64,557	\$ 14,887	\$ 133	\$ 79,577	\$ 65,596
Cash in savings and certificates of deposit	20,871	-0-	3,155	24,026	22,738
Accounts receivable					
Supports and waivers	18,592	-0-	-0-	18,592	14,508
Sales and services	-0-	4,560	-0-	4,560	5,368
Prepaid insurance	-0-	-0-	-0-	-0-	-0-
Total current assets	104,020	19,447	3,288	126,755	108,210
Noncurrent assets					
Fixed assets (Note 5)	298,368	3,584	-0-	301,952	283,674
Deposits	295	-0-	-0-	295	295
	298,663	3,584	-0-	302,247	283,969
Total Assets	\$ 402,683	\$ 23,031	\$ 3,288	\$ 429,002	\$ 392,179

LIABILITIES AND NET ASSETS

Current liabilities					
Accounts payable	\$ 2,238	\$ 578	\$ -0-	\$ 2,816	\$ 2,703
Accrued payroll taxes	3,551	99	-0-	3,650	4,006
Current portion of notes payable	4,423	-0-	-0-	4,423	6,702
Total current liabilities	10,212	677	-0-	10,889	13,411
Noncurrent liabilities					
Notes payable	-0-	-0-	-0-	-0-	4,738
Total Liabilities	10,212	677	-0-	10,889	18,149
Net Assets					
Without donor restrictions	267,169	22,354	3,288	292,811	297,970
With donor restrictions	125,302	-0-	-0-	125,302	76,060
Total Net Assets	\$ 392,471	\$ 22,354	\$ 3,288	\$ 418,113	\$ 374,030
Total Liabilities and Net Assets	\$ 402,683	\$ 23,031	\$ 3,288	\$ 429,002	\$ 392,179

See independent accountant's review report.

CATAHOULA ASSOCIATION OF RETARDED CITIZENS, INC.  
STATEMENT OF ACTIVITY AND NET ASSETS  
YEAR ENDED JUNE 30, 2019  
(With Comparative Totals for the year ended June 30, 2018)

	General Fund	Work Activity Fund	Association Fund	June 30, 2019 Total	2018 Total
<i>Changes in net assets without donor restrictions</i>					
<b>SUPPORT</b>					
State contracts	\$ 315,718	\$ -0-	\$ -0-	\$ 315,718	\$ 271,093
School system contracts	4,560	-0-	-0-	4,560	1,475
<b>Total Support</b>	<u>320,278</u>	<u>-0-</u>	<u>-0-</u>	<u>320,278</u>	<u>272,568</u>
<b>REVENUES</b>					
Work activity projects	-0-	53,970	-0-	53,970	52,895
State use cleaning contract	-0-	4,619	-0-	4,619	5,190
Interest	136	-0-	4	140	107
Donations	-0-	476	-0-	476	25
Gain on sale of equipment	-0-	-0-	-0-	-0-	3,550
Other	-0-	235	-0-	235	1,761
<b>Total Revenue</b>	<u>136</u>	<u>59,300</u>	<u>4</u>	<u>59,440</u>	<u>63,528</u>
<b>Total Support and Revenue</b>	<u>\$ 320,414</u>	<u>\$ 59,300</u>	<u>\$ 4</u>	<u>\$ 379,718</u>	<u>\$ 336,096</u>
<b>EXPENDITURES</b>					
Salaries and client wages	\$ 201,382	\$ 37,766	\$ -0-	\$ 239,148	\$ 232,631
Payroll taxes	15,478	2,889	-0-	18,367	17,866
Telephone	5,133	-0-	-0-	5,133	4,602
Postage	396	198	-0-	594	424
Insurance	19,955	4,207	-0-	24,162	23,330
Transportation	16,717	5,471	-0-	22,188	19,866
In-service and training	2,238	-0-	-0-	2,238	1,625
Office supply	1,176	-0-	-0-	1,176	1,028
Computer expense	3,694	-0-	-0-	3,694	3,584
Utilities	5,604	-0-	-0-	5,604	5,030
Maintenance and cleaning	1,406	670	-0-	2,076	4,410
Depreciation	32,408	6,241	-0-	38,649	32,094
Interest	183	-0-	-0-	183	328
Supplies	3,903	3,855	-0-	7,758	7,176
Professional fees	6,865	-0-	-0-	6,865	11,236
State use fees	-0-	-0-	-0-	-0-	-0-
Travel	753	-0-	-0-	753	801
Other	2,604	3,661	24	6,289	5,958
<b>Total Expenditures</b>	<u>\$ 319,895</u>	<u>\$ 64,958</u>	<u>\$ 24</u>	<u>\$ 384,877</u>	<u>\$ 371,989</u>
Increase (decrease) in net assets without donor restrictions	519	(5,658)	(20)	(5,159)	(35,893)
<i>Changes in net assets with donor restrictions</i>					
Federal and state grants	49,242	-0-	-0-	49,242	42,648
Increase(decrease) in total net assets	49,761	(5,658)	(20)	44,083	6,755
Net Assets, Beginning of Year	\$ 342,710	\$ 28,012	\$ 3,308	\$ 374,030	\$ 367,275
Net Assets, End of Year	<u>\$ 392,471</u>	<u>\$ 22,354</u>	<u>\$ 3,288</u>	<u>\$ 418,113</u>	<u>\$ 374,030</u>

See independent accountant's review report.

CATAHOULA ASSOCIATION OF RETARDED CITIZENS, INC.  
STATEMENT OF CASH FLOWS  
TOTAL - ALL FUNDS  
YEAR ENDED JUNE 30, 2019  
(With Comparative Totals for the year ended June 30, 2018)

	June 30,	
	2019 Total	2018 Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers and other support	\$ 376,302	\$ 330,922
Payments to suppliers	(107,140)	(86,157)
Payments to employees	(239,148)	(250,125)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>30,014</b>	<b>(5,360)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital assets purchased	(7,685)	-0-
Capital assets sold	-0-	3,550
Interest earned	140	107
Interest paid	(183)	(328)
Additions to debt	-0-	-0-
Reduction of debt	(7,017)	(6,872)
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<b>(14,745)</b>	<b>(3,543)</b>
<b>NET INCREASE (DECREASE) IN CASH</b>	15,269	(8,903)
<b>CASH AT BEGINNING OF YEAR</b>	<b>\$ 88,334</b>	<b>\$ 97,237</b>
<b>CASH AT END OF YEAR</b>	<b>\$ 103,603</b>	<b>\$ 88,334</b>
<b>SUPPLEMENTAL DISCLOSURES</b>		
Interest paid	\$ 183	\$ 328
Grant of vehicle	\$ 49,242	\$ 42,648

See independent accountant's review report.

**NOTES TO THE BASIC  
FINANCIAL STATEMENTS**

# CATAHOULA ASSOCIATION OF RETARDED CITIZENS, INC.

## NOTES TO THE BASIC FINANCIAL STATEMENTS

### **NOTE 1 - CATAHOULA ASSOCIATION OF RETARDED CITIZENS, INC.**

The accompanying financial statements include only the operations of the Catahoula Association of Retarded Citizens, Inc., (CARC), in Jonesville, Louisiana. CARC was organized in 1981 to promote the general welfare of retarded citizens wherever they may be, and, specifically, to provide as normal a work and learning atmosphere in the least restrictive environment for retarded adults in Catahoula Parish. The Association receives revenues mainly from the State of Louisiana and Medicaid under the Supports and Waiver reimbursement programs for Adult Day Services, performs services under its Work Activity Program, and receives nominal funds for other activities from memberships and contributions.

### **NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **A. Basis of Accounting**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. In order to ensure observance of limitations and restrictions placed on the use of resources available to CARC, the accounts are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purpose. Separate accounts are maintained for each fund, and accordingly, all financial transactions have been recorded and reported in the following fund groups:

General Fund - Resources are provided under a contract from the State of Louisiana, based on the days of service provided, a contract covering clients under the Louisiana Medicaid Program - for supports and waiver clients, and by other sources such as interest. Expenditures are of a nature of those specified by the State in Guidelines for Allowable Costs from the Office for Citizens with Developmental Disabilities, except as noted hereafter.

Work Activity Fund - Resources are provided as fees for services performed by the clients and interest and are used to pay wages to the clients and buy such supplies as needed for these services.

Association Fund - Resources are provided from memberships, contributions and interest and are generally unrestricted as to their use.

#### **B. Income Tax Status**

The Association qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, therefore, has no provision for income taxes.

## CATAHOULA ASSOCIATION OF RETARDED CITIZENS, INC.

### NOTES TO THE BASIC FINANCIAL STATEMENTS CONTINUED

#### C. Net Assets

CARC has adopted the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Update 2016-4 *Presentation of Financial Statements of Not-for-Profit Entities* which modifies the presentation of net assets on the basic financial statements. In accordance with FASB ASU 2016-4, net assets are presented in two classes – net assets without donor restrictions and net assets with donor restrictions. Presentation in a particular net asset class is based on the existence or absence of donor-imposed restrictions on the use of the net assets. Accordingly, the net assets of CARC and changes therein are classified and reported as follows:

Net Assets with Donor Restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions may be temporary in nature. These restrictions will be satisfied by actions of CARC or by the passage of time.

Net Assets without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of CARC. These net assets may be used at the discretion of CARC's management and board of directors.

#### D. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Association considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

#### E. Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

#### F. Property and Equipment

Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair market value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained; the Association reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. CARC reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method.

**CATAHOULA ASSOCIATION OF RETARDED CITIZENS, INC.**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
CONTINUED**

Fixed assets are included on the balance sheet net of accumulated depreciation. Depreciation of all exhaustible fixed assets is charged as an expense against operations. Depreciation is computed using the straight-line method over the estimated useful lives with respect to major classes of depreciable assets as follows:

Equipment	5-10 years
Buildings	40 years

**G. Estimates**

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates that affect reported amounts. These estimates include assessing the collectability of accounts receivable and the useful lives and impairment of tangible and intangible assets, among others. Estimates and assumptions are reviewed periodically and the effect of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from those estimates.

**H. Support and Revenue**

The CARC receives Medicare/Medicaid payments for billable client services. Revenues for these services are recorded when earned.

**I. Program Revenue**

The CARC receives program service fees from janitorial services. Support and revenue are recognized when earned.

**NOTE 3 - CASH AND CASH EQUIVALENTS**

At June 30, 2019, the Association had cash and cash equivalents (book balances) totaling \$103,603 as follows:

		<u>General Fund</u>
Demand deposits	\$	79,477
Time deposits		24,026
Cash on hand		100
Total	\$	<u>103,603</u>

These deposits are stated at cost, which approximates market. At June 30, 2019, the Association had \$104,986 in deposits (collected bank balances). These deposits are secured from risk by federal deposits insurance.

**CATAHOULA ASSOCIATION OF RETARDED CITIZENS, INC.**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
CONTINUED**

***Custodial Credit Risk***

Financial instruments which potentially subject the CARC to concentrations of credit risk consist principally of cash and cash equivalents. Cash and cash equivalents at June 30, 2019 consisted of cash and demand deposits at financial institutions which management believes are high quality institutions. The cash and cash equivalents possess credit risk to the extent the deposits at financial institutions exceed FDIC insured limits. The CARC has no policy to actively monitor credit risk. At June 30, 2019, the CARC's deposits did not exceed FDIC insured limits; therefore, the CARC was not exposed to credit risk.

**NOTE 4 – ACCOUNTS RECEIVABLE**

Accounts receivable consist of the following amounts:

General Fund		
State of Louisiana, Supports Wavier	\$	7,428
State of Louisiana, NOW Wavier		11,164
Work Activity Fund		
Services billed		4,560
Total	\$	23,152

**NOTE 5 - FIXED ASSETS AND DEPRECIATION**

Fixed assets consist of the cost of two vans purchased through the State of Louisiana, DOTD, under UMTA grants for transportation of the elderly and handicapped, other vans purchased with agency funds, the building that houses the operations and offices of the Association and other equipment. Work Activity fixed assets consists mainly of two vans. Ownership of all fixed assets of the Association, other than the vans, would revert to the Department of Health and Hospitals, Office of Mental Retardation, if the Association was to cease to function. The DOTD holds a reversionary interest in one of the vans. Depreciation is provided on a straight-line basis over the useful lives of the assets.

	General Fund	Work Activity Fund
Land	\$ 17,500	\$ -0-
Equipment & Vehicles	198,610	32,871
Building & Improvements	224,396	-0-
	440,506	32,871
Less Accumulated Depreciation	(142,138)	(29,287)
Net Fixed Assets	\$ 298,368	\$ 3,584

**CATAHOULA ASSOCIATION OF RETARDED CITIZENS, INC.**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
CONTINUED**

**NOTE 6 - NOTES PAYABLE**

The following is a summary of the long-term obligations for the year ended June 30, 2019:

Long-term obligations at beginning of year	\$ 11,440
Borrowings	-0-
Deductions	<u>(7,017)</u>
Long-term obligations at end of year	<u>\$ 4,423</u>

Notes payable consist of an auto loan due to Catahoula LaSalle Bank on the work activity van, payable in the amount of \$574.74 per month, including interest at a rate of 2.19%.

The following is a summary of the current (due in one year or less) and the long-term (due in more than one year) portions of long-term obligations as of June 30, 2019:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
06-30-19	\$ <u>4,423</u>	\$ <u>95</u>	\$ <u>4,518</u>
Total	\$ <u>4,423</u>	\$ <u>95</u>	\$ <u>4,518</u>

**NOTE 7 - NET ASSETS WITH DONOR RESTRICTIONS**

A portion of the net assets is temporarily restricted to represent the undepreciated portion of any vans obtained through the Urban Mass Transit Act grant, Section 16(b)(2) program, administered by the Louisiana Department of Transportation (DOTD). CARC has capitalized their 20 to 30% matching portions of the vans in addition to the 70 to 80% in-kind grant funds received. The DOTD holds a reversionary interest in the vans until such time they determine to release the interest. A new 2015 van was added in the fiscal year ended June 30, 2016. A 2018 12 passenger van was added in the fiscal year ended June 30, 2018. A 2019 van was added in the fiscal year ended June 30, 2019, but has not yet been put in service.

The total amount classified as net assets with donor restrictions was increased by \$20,971 in the 2018 comparative statements in order to comply with guidelines specified by ASU No. 2016-14.

**NOTE 8 - COMMITMENTS AND CONTINGENCIES**

The Association has no long-term commitments at this time.

**NOTE 9 - COMPENSATED ABSENCES**

The Association does not have compensated absences.

**CATAHOULA ASSOCIATION OF RETARDED CITIZENS, INC.**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
CONTINUED**

**NOTE 10 – DIRECTOR’S FEES**

No fees or reimbursements were paid to directors in the year ended June 30, 2019.

**NOTE 11 – RETIREMENT**

The employees of the Association are not covered by any retirement plan other than those benefits provided by Social Security.

**NOTE 12 – COMPENSATION AND OTHER PAYMENTS TO CHIEF OFFICER**

Act 706 of 2014 Louisiana Legislature amended R.S. 24:513A requiring additional disclosure of total compensation, benefits, reimbursements, or other payments made to the head of a political subdivision or quasi-public agency. The following is a summary of such payments made to/for Debbie Manning, Director, during the year ended June 30, 2019:

Salary	\$	56,508
Reimbursement - Travel		148
Total	\$	<u>56,656</u>



**Other Reports**

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### MANAGEMENT LETTER COMMENTS

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During the course of our audit, we observed conditions and circumstances that may be improved. Below are findings noted for improvement, our recommendation for improvement, and the entity's plan for corrective action.

#### CURRENT YEAR MANAGEMENT LETTER COMMENTS

##### 2019-1 Small Size of Entity

**Condition:** Because of the small size of the CARC and the lack of separation of duties of employees, many of the important elements of good internal controls cannot always be achieved to ensure adequate protection of the CARC's cash.

**Criteria:** Important elements of good internal controls often require that the same employee does not handle the functions of accounting, collections, billing, receiving, and check writing.

**Cause of Condition:** Small size of entity and lack of employees.

**Effect of Condition:** Significant deficiency in internal controls.

**Recommendation:** We recommend that management continue to provide the necessary oversight in its current internal control procedures, specifically in the areas of cash receipts, collection receipt activities, recordation of those receipts, depositing of funds collected, and review of checks written.

**Client Response:** Management will continue to provide the necessary oversight in its current internal control procedures, specifically in the areas of cash receipts, collection receipt activities, recordation of those receipts, depositing of funds collected, and review of checks written.

CATAHOULA ASSOCIATION OF RETARDED CITIZENS, INC.

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STATUS OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2018

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Legislative Auditor  
State of Louisiana  
Baton Rouge, Louisiana 70804-9397

The management of the Catahoula Association for Retarded Citizens Inc. has provided the following action summaries relating to audit findings brought to their attention as a result of their financial audit for the prior year ended June 30, 2018.

**2018-1 Small Size of Entity**

**Condition:** Because of the small size of the CARC and the lack of separation of duties of employees, many of the important elements of good internal controls cannot always be achieved to ensure adequate protection of the CARC's cash.

**Criteria:** Important elements of good internal controls often require that the same employee does not handle the functions of accounting, collections, billing, receiving, and check writing.

**Cause of Condition:** Small size of entity and lack of employees.

**Effect of Condition:** Significant deficiency in internal controls.

**Recommendation:** We recommend that management continue to provide the necessary oversight in its current internal control procedures, specifically in the areas of cash receipts, collection receipt activities, recordation of those receipts, depositing of funds collected, and review of checks written.

**Client Response:** Management will continue to provide the necessary oversight in its current internal control procedures, specifically in the areas of cash receipts, collection receipt activities, recordation of those receipts, depositing of funds collected, and review of checks written.