



(A NOT FOR PROFIT ORGANIZATION)

FINANCIAL STATEMENTS

JUNE 30, 2018



Postlethwaite & Netterville

A Professional Accounting Corporation

www.pncpa.com

ASSUMPTION ASSOCIATION FOR RETARDED CITIZENS, INC.

(A NOT FOR PROFIT ORGANIZATION)

FINANCIAL STATEMENTS

JUNE 30, 2018

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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, 2018 and 2017, 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 and the standards applicable to the 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 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 auditors' 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 policies used and the reasonableness of significant accounting 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, 2018 and 2017, 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 12-13, the schedules of functional expenses on pages 14-15 and the schedule of compensation, benefits and other payments to chief executive officer on page 16 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 October 3, 2018, 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 solely 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 effectiveness of Assumption Association for Retarded Citizens, Inc.'s 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.

Postlethwaite + Netterville

Donaldsonville, Louisiana
October 3, 2018

ASSUMPTION ASSOCIATION FOR RETARDED CITIZENS, INC.
(A NOT FOR PROFIT ORGANIZATION)
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
<u>ASSETS:</u>		
Cash and cash equivalents	\$ 688,007	\$ 631,297
Certificates of deposit	527,197	523,089
Accounts receivable	134,094	137,182
Inventory	971	-
Investments	869,425	760,570
Other assets	2,923	733
Buildings and equipment, net	<u>924,553</u>	<u>933,609</u>
TOTAL ASSETS	<u>\$ 3,147,170</u>	<u>\$ 2,986,480</u>
<u>LIABILITIES AND NET ASSETS:</u>		
Accounts payable	\$ 38,866	\$ 19,966
Salaries and payroll taxes payable	28,794	27,971
Deferred revenue	<u>23,500</u>	<u>-</u>
TOTAL LIABILITIES	<u>91,160</u>	<u>47,937</u>
<u>NET ASSETS:</u>		
Unrestricted	<u>3,056,010</u>	<u>2,938,543</u>
TOTAL NET ASSETS	<u>3,056,010</u>	<u>2,938,543</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,147,170</u>	<u>\$ 2,986,480</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, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
<u>REVENUES, GAINS, AND OTHER SUPPORT, UNRESTRICTED:</u>		
Public Support:		
Public contributions	\$ 14,466	\$ 8,498
Allocated by Capital Area United Way	34,086	34,406
Program service fees	2,224,983	2,126,352
Other Revenue:		
Sales to public (net of expenses of \$6,216 and \$22,787, respectively)	180,358	171,874
Fundraising	10,775	13,875
Activity center services	108,040	104,883
Investment income	61,009	42,334
Net unrealized gain on investments	56,761	64,144
Miscellaneous	619	292
Net loss on sales and disposal of assets	-	(1,739)
Total revenues, gains, and other support, unrestricted	<u>2,691,097</u>	<u>2,564,919</u>
<u>EXPENSES AND LOSSES:</u>		
Program Services:		
Residential Services		
Napoleonville Manor	494,248	460,716
Thibaut Manor	414,674	410,455
Day-Program Services		
Activity Center	382,044	422,678
Project Fund	177,124	211,014
Association Fund	9,972	24,567
Waiver Services	691,152	619,619
Total program services	<u>2,169,214</u>	<u>2,149,049</u>
Supporting Services:		
General and Administrative		
Central Office	404,416	410,610
Total expenses	<u>2,573,630</u>	<u>2,559,659</u>
Change in net assets	117,467	5,260
Net assets at beginning of year	2,938,543	2,933,283
Net assets at end of year	<u>\$ 3,056,010</u>	<u>\$ 2,938,543</u>

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, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Change in net assets	\$ 117,467	\$ 5,260
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Department of Transportation grant for vehicles	(33,627)	-
Donated property	(3,900)	-
Depreciation	89,642	108,825
Unrealized gain on investments	(56,761)	(64,144)
Loss on sales of property and equipment	-	1,739
Decrease in accounts receivable	3,088	52,276
Decrease (increase) in other assets	(2,190)	265
Decrease (increase) in inventory	(971)	12,126
(Decrease) increase in accounts payable	18,900	(37,402)
(Decrease) increase in salaries and payroll taxes payable	823	(54,672)
Increase in deferred revenue	23,500	-
Net cash provided by operating activities	<u>155,971</u>	<u>24,273</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Purchase of certificates of deposit	(4,108)	(4,835)
Purchases of investments	(52,094)	(34,720)
Purchases of property and equipment	(43,059)	(24,293)
Net cash used in investing activities	<u>(99,261)</u>	<u>(63,848)</u>
Net increase (decrease) in cash and cash equivalents	56,710	(39,575)
Cash and cash equivalents at beginning of year	<u>631,297</u>	<u>670,872</u>
Cash and cash equivalents at end of year	<u>\$ 688,007</u>	<u>\$ 631,297</u>
Supplemental disclosure:		
<u>NONCASH INVESTING ACTIVITIES:</u>		
Property and equipment obtained through DOTD grant	\$ (33,627)	\$ -

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 has two group homes, Napoleonville Manor and Thibaut Manor. These homes provide residential services for disabled persons. Day program services are also provided by the Association. These services include sheltered workshops and community work services for disabled persons. The Association is solely dependent upon appropriation from State agencies, sales to the public, fundraising and other contributions. Fundraising consists of an annual raffle. Fundraising expenses amounted to \$1,337 and \$11,615 for the years ended June 30, 2018 and 2017, respectively.
- B. The Association prepares its financial statements on the accrual basis of accounting. Accordingly, revenues from program service fees, sales, activity center services, and investments are recognized when earned and expenses are recognized when incurred.
- C. To ensure proper usage of restricted and unrestricted assets, the Association maintains its accounts according to accounting principles generally accepted in the United States of America, whereby funds are classified in accordance with specified restrictions or objectives.
- D. The Association capitalizes buildings and equipment over \$1,000. Lesser amounts are expensed. 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 |
- E. Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts, as deemed applicable. 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.
- F. 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.
- G. 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 or permanently restricted assets at June 30, 2018 and 2017, respectively.

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.

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

NOTES TO FINANCIAL STATEMENTS

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

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.

- H. Deferred revenue represents collections from raffle tickets sold in advance of the fundraiser. The revenue will be realized and recorded at the point when the fundraiser is held and expenses are incurred, which is expected to occur within the next twelve months.
- I. 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.
- J. The Association considers all cash accounts, money market funds and all highly liquid deposits with a maturity of three months or less when purchased to be cash and cash equivalents.
- K. Certificates of deposit with banks mature within one year and are carried at cost, which approximates fair value.
- L. 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.
- M. 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. In management's judgement, the Association does not have any tax positions that would result in a loss contingency considering the facts, circumstances and information available at the reporting date.

- N. Expenses are charged directly to programs in categories based on specific identification. Indirect expenses have been allocated based on total expenses for each program.
- O. Inventory is stated at cost that approximates market value using the first-in first-out method.
- P. Certain amounts in the 2017 financial statements have been reclassified to conform to the 2018 presentation.
- Q. On August 18, 2016, FASB issued Accounting Standards Update (ASU) No. 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements for Not-for-Profit Entities. Under the ASU, the number of net asset classes is decreased from three to two; reporting of expenses by function and nature, as well as an analysis of expenses by both function and nature is required; and qualitative information in the notes to the financial statements on liquidity risk is required. This ASU is effective for fiscal years beginning after December 15, 2017.

FASB has issued ASU No. 2014-09, Revenue from Contracts with Customers, to update revenue recognition standard to clarify the principles or recognizing revenue and eliminate industry-specific guidance as well as help financial statement users better understand the nature, amount, timing, and uncertainty of revenue that is recognized. This standard will be effective for periods beginning after December 15, 2018.

The Assumption Association for Retarded Citizens, Inc. is currently assessing the impact of these pronouncements on its financial statements.

ASSUMPTION ASSOCIATION FOR RETARDED CITIZENS, INC.
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NOTES TO FINANCIAL STATEMENTS

2. **Cash and Cash Equivalents**

At June 30, 2018 and 2017 the carrying amounts of the Association's deposits were as follows:

	2018	2017
Demand deposit accounts	\$ 688,007	\$ 631,297

These deposits are at cost, which approximates fair value.

3. **Custodial Credit Risk**

Custodial credit risk is the risk that in the event of a financial institution failure, the Association's deposits may not be returned to them. To mitigate this risk, these deposits are secured by federal deposit insurance. As of June 30, 2018, the Association's bank balance was \$1,207,300. Of this amount, \$646,979 was covered by federal depository insurance and \$560,321 was uninsured.

4. **Buildings and Equipment**

Buildings and equipment at June 30, 2018 and 2017 consisted of the following:

	2018	2017
Building	\$ 1,554,772	\$ 1,557,722
Transportation equipment	563,216	490,768
Furniture and equipment	309,455	297,292
	2,427,443	2,345,782
Less: Accumulated depreciation	(1,502,890)	(1,412,173)
	\$ 924,553	\$ 933,609

Depreciation expense was \$89,642 and \$108,825 for the years ended June 30, 2018 and 2017, respectively.

5. **Program Service Fees**

Program service fees consist of contributions from government agencies for the year ended June 30, 2018 as follows:

	Napoleonville Manor	Thibaut Manor	Activity Center	Project Fund	Waiver Services	Total
Title XIX (Medicaid)	\$ 441,402	\$311,212	\$ -	\$ -	\$ -	\$ 752,614
Patient Liability	61,703	75,718	-	-	-	137,421
OMR	-	-	20,790	-	-	20,790
Waiver Contract	-	-	378,819	-	847,161	1,225,980
Department of Transportation Grant	5,579	5,153	22,954	13,223	41,269	88,178
Total	\$ 508,684	\$392,083	\$422,563	\$ 13,223	\$ 888,430	\$ 2,224,983

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

NOTES TO FINANCIAL STATEMENTS

5. Program Service Fees (continued)

Program service fees consist of contributions from government agencies for the year ended June 30, 2017 as follows:

	Napoleonville Manor	Thibaut Manor	Activity Center	Project Fund	Waiver Services	Total
Title XIX (Medicaid)	\$ 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	\$ 459,532	\$399,032	\$472,956	\$18,751	\$ 776,081	\$2,126,352

6. Line of Credit

The Association entered into an open line of credit in the amount of \$50,000 maturing September 2018, of which, \$50,000 was unused at June 30, 2018. 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.

7. Commitments and Contingencies

None.

8. 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.

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

NOTES TO FINANCIAL STATEMENTS

8. Fair Values of Financial Instruments (continued)

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.

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.

	Level 1	Level 2	Level 3
June 30, 2018			
Mutual funds invested in stocks	\$ 869,425	\$ -	\$ -
	Level 1	Level 2	Level 3
June 30, 2017			
Mutual funds invested in stocks	\$ 760,570	\$ -	\$ -

ASSUMPTION ASSOCIATION FOR RETARDED CITIZENS, INC.
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NOTES TO FINANCIAL STATEMENTS

9. **Subsequent Events**

Assumption Association for Retarded Citizens, Inc. has evaluated subsequent events through October 3, 2018, the date that the financial statements were available to be issued.

Subsequent to year end, the Assumption Association for Retarded Citizens, Inc. listed two of its vehicles for sale. These vehicles are fully depreciated and have no carrying value. To date, these vehicles remain unsold. 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, 2018 AND 2017

	<u>Napoleonville Manor</u>		<u>Thibaut Manor</u>		<u>Activity Center</u>		<u>Project Fund</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Unrestricted:								
Public Support:								
Public contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 736	\$ 580
Allocated by Capital Area United Way	-	-	-	-	-	-	-	-
Contributions from governmental agencies	508,684	459,532	392,083	399,032	422,563	472,956	13,223	18,751
Other Revenue:								
Unrealized gain on investments	5,175	5,849	14,861	16,794	-	-	-	-
Net loss on sales and disposals of assets	-	-	-	-	-	(1,739)	-	-
Sales to public (net of expenses)	-	-	-	-	-	-	180,358	171,874
Fundraising	-	-	-	-	-	-	-	-
Activity Center services	-	-	-	-	108,040	104,883	-	-
Investment income	5,112	3,311	14,094	9,509	-	-	12	11
Miscellaneous income	331	-	-	-	288	292	-	-
Total Public Support and Other Revenue, unrestricted	<u>\$ 519,302</u>	<u>\$ 468,692</u>	<u>\$ 421,038</u>	<u>\$ 425,335</u>	<u>\$ 530,891</u>	<u>\$ 576,392</u>	<u>\$ 194,329</u>	<u>\$ 191,216</u>

ASSUMPTION ASSOCIATION FOR RETARDED CITIZENS, INC.
(A NOT FOR PROFIT ORGANIZATION)
SCHEDULES OF SUPPORT AND REVENUE
YEARS ENDED JUNE 30, 2018 AND 2017

	<u>Association Fund</u>		<u>Waiver Services</u>		<u>Central Office</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Unrestricted:								
Public Support:								
Public contributions	\$ 9,830	\$ 7,918	\$ 3,900	\$ -	\$ -	\$ -	\$ 14,466	\$ 8,498
Allocated by Capital Area United Way	34,086	34,406	-	-	-	-	34,086	34,406
Contributions from governmental agencies	-	-	888,430	776,081	-	-	2,224,983	2,126,352
Other Revenue:								
Unrealized gain on investments	5,938	6,710	30,787	34,791	-	-	56,761	64,144
Net loss on sales and disposals of assets	-	-	-	-	-	-	-	(1,739)
Sales to public (net of expenses)	-	-	-	-	-	-	180,358	171,874
Fundraising	10,775	13,875	-	-	-	-	10,775	13,875
Activity Center services	-	-	-	-	-	-	108,040	104,883
Investment income	5,631	3,799	36,160	25,704	-	-	61,009	42,334
Miscellaneous income	-	-	-	-	-	-	619	292
Total Public Support and Other Revenue, unrestricted	<u>\$ 66,260</u>	<u>\$ 66,708</u>	<u>\$ 959,277</u>	<u>\$ 836,576</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,691,097</u>	<u>\$ 2,564,919</u>

ASSUMPTION ASSOCIATION FOR RETARDED CITIZENS, INC.

(A NOT FOR PROFIT ORGANIZATION)

SCHEDULES OF FUNCTIONAL EXPENSES

YEARS ENDED JUNE 30, 2018 AND 2017

	<u>Napoleonville Manor</u>		<u>Thibaut Manor</u>		<u>Activity Center</u>		<u>Project Fund</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Salaries	\$ 244,865	\$ 225,873	\$ 215,523	\$ 209,798	\$ 237,750	\$ 248,223	\$ 108,541	\$ 116,569
Employee benefits	-	-	-	-	-	-	-	-
Activity center services	60,470	56,371	47,570	48,512	-	-	-	-
Insurance	8,200	8,324	8,703	8,045	23,549	30,866	20,731	18,965
Office supplies	268	347	277	347	39	22	-	-
Auto expense	4,366	4,096	3,782	2,245	43,287	41,993	14,937	13,320
Professional services	6,901	8,539	6,181	7,945	-	-	-	-
Telephone	1,404	1,367	2,096	1,880	2,045	2,210	503	494
Travel and entertainment	156	294	156	294	1,203	1,103	153	83
Food	32,959	30,627	24,720	26,464	-	-	-	-
Payroll taxes	18,591	17,101	16,238	15,633	17,946	18,355	8,157	8,754
Contract work	1,672	1,626	1,393	1,699	1,552	1,623	80	80
Other	7,390	5,908	5,323	2,757	656	893	1,358	4,531
Repairs and maintenance	12,396	9,842	8,397	4,118	5,838	20,866	6,281	22,541
Depreciation	16,584	22,693	9,986	10,121	34,322	36,342	10,358	19,912
Bad debts	-	-	-	8,417	-	7,027	-	-
Advertising	-	-	-	-	-	-	-	820
Fundraising	-	-	-	-	-	-	-	-
Utilities	8,609	7,525	10,968	10,529	6,464	5,936	6,025	4,945
Supplies	8,876	9,003	8,718	8,960	7,393	7,219	-	-
Medical services	14,239	9,917	9,274	7,322	-	-	-	-
Bed fee	46,302	41,263	35,369	35,369	-	-	-	-
Total expense before central office	<u>\$ 494,248</u>	<u>\$ 460,716</u>	<u>\$ 414,674</u>	<u>\$ 410,455</u>	<u>\$ 382,044</u>	<u>\$ 422,678</u>	<u>\$ 177,124</u>	<u>\$ 211,014</u>
Central office overhead	<u>\$ 91,882</u>	<u>\$ 82,988</u>	<u>\$ 77,089</u>	<u>\$ 72,744</u>	<u>\$ 71,023</u>	<u>\$ 75,906</u>	<u>\$ 34,083</u>	<u>\$ 35,956</u>
Transfers (in) out	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 373</u>	<u>\$ -</u>	<u>\$ 189,768</u>	<u>\$ -</u>	<u>\$ (163,533)</u>
Change in net assets	<u>\$ (66,828)</u>	<u>\$ (75,012)</u>	<u>\$ (70,725)</u>	<u>\$ (58,237)</u>	<u>\$ 77,824</u>	<u>\$ (111,960)</u>	<u>\$ (16,878)</u>	<u>\$ 107,779</u>

ASSUMPTION ASSOCIATION FOR RETARDED CITIZENS, INC.

(A NOT FOR PROFIT ORGANIZATION)

SCHEDULES OF FUNCTIONAL EXPENSES

YEARS ENDED JUNE 30, 2018 AND 2017

	<u>Association Fund</u>		<u>Waiver Services</u>		<u>Central Office</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Salaries	\$ -	\$ -	\$ 615,264	\$ 552,088	\$ 213,239	\$ 206,859
Employee benefits	-	-	-	100	-	-
Activity center services	-	-	447	199	-	-
Insurance	-	-	6,586	7,560	82,022	104,227
Office supplies	-	-	29	264	14,345	14,883
Auto expense	-	-	8,143	3,333	-	-
Professional services	-	-	-	-	18,835	20,200
Telephone	-	-	419	179	4,256	4,132
Travel and entertainment	462	1,019	54	507	715	173
Food	3,619	2,797	-	-	26	-
Payroll taxes	-	-	45,773	41,427	17,601	17,587
Contract work	-	-	-	-	8,773	6,472
Other	4,554	8,280	2,388	830	7,632	3,960
Repairs and maintenance	-	-	125	241	18,351	14,334
Depreciation	-	-	11,090	12,211	7,302	7,546
Bad debts	-	-	-	-	-	-
Advertising	-	694	-	-	1,506	698
Fundraising	1,337	11,615	-	-	-	-
Utilities	-	-	-	-	7,471	7,328
Supplies	-	162	834	624	2,342	2,149
Medical services	-	-	-	56	-	62
Bed fee	-	-	-	-	-	-
Total expense before central office	<u>\$ 9,972</u>	<u>\$ 24,567</u>	<u>\$ 691,152</u>	<u>\$ 619,619</u>	<u>\$ 404,416</u>	<u>\$ 410,610</u>
Central office overhead	<u>\$ 1,854</u>	<u>\$ 4,211</u>	<u>\$ 128,485</u>	<u>\$ 112,197</u>	<u>\$ (404,416)</u>	<u>\$ (384,002)</u>
Transfers (in) out	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (26,608)</u>
Change in net assets	<u>\$ 54,434</u>	<u>\$ 37,930</u>	<u>\$ 139,640</u>	<u>\$ 104,760</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, 2018

CHIEF EXECUTIVE OFFICER: Marvin Schwartzburg (7/1/2017 - 12/1/2017)

Salary	\$	34,293
Travel & Meals		10
Benefits		15
Reimbursements		-
	<u>\$</u>	<u>34,318</u>

CHIEF EXECUTIVE OFFICER: Sarah Olivo (12/1/2017 - 6/30/2018)

Salary	\$	43,394
Travel & Meals		-
Benefits		27
Reimbursements		-
	<u>\$</u>	<u>43,421</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) (the Association), which comprise the statement of financial position as of and for the year ended June 30, 2018, and the related 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 October 3, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Assumption Association for Retarded Citizens, Inc.'s internal control over financial reporting (internal control) 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and recommendations as items 2018-001, and 2018-002 that we consider to be significant deficiencies.



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*.

Association's Response to Findings

The Association's responses to the findings identified in our audit are described in the accompanying schedule of findings and recommendations. The Association's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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.

Postlethwaite & Netterville

Donaldsonville, Louisiana
October 3, 2018

ASSUMPTION ASSOCIATION FOR RETARDED CITIZENS, INC.

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

YEAR ENDED JUNE 30, 2018

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 in internal control over financial reporting are reported for the year ended June 30, 2018.
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, 2018.

FINDINGS – FINANCIAL STATEMENT AUDIT

2018-001 Segregation of Duties

Criteria: Internal control over financial reporting should include policies and procedures that ensure that controls over the accounting function are segregated to serve as a check and balance.

Condition: There is improper segregation of duties over the activities of cash receipts. The accounting coordinator performs the duties of both handling cash and checks received by the Association as well as recording and depositing these receipts into the accounting system.

Cause: Due to the limited number of personnel working for the Association, many of the critical duties are combined.

Effect: The accounting coordinator has the ability to misappropriate funds.

Recommendation: A properly segregated accounting function includes segregation over the duties of access, recording and reconciling functions. We recommend that someone other than the accounting coordinator handle cash and checks received and maintain a cash receipts log. This log would be used to record the deposits into the accounting records.

View of Responsible Official: The Association concurs with the finding.

ASSUMPTION ASSOCIATION FOR RETARDED CITIZENS, INC.

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

YEAR ENDED JUNE 30, 2018

B. FINDINGS – FINANCIAL STATEMENT AUDIT (continued)

2018-002 Internal Control over Financial Reporting

Criteria: The definition of internal control over financial reporting includes ensuring that policies and procedures exist that pertain to an entity's ability to initiate, record, process, and report financial data consistent with the assertion embodied in the annual financial statements, which for the Association, is that financial statements are prepared in accordance with generally accepted accounting principles (GAAP).

Condition: As part of the audit process, we have always assisted management in drafting the financial statements and related notes for the year-end audit procedures. Because our involvement is so key to that process that is an indication that the internal control over year-end GAAP financial statements by the Association is not sufficient.

Cause: During the audit, we noted that several accounts which required adjustment in order for them to properly reflect end of year balances. These accounts included cash, property and equipment, accounts receivable, accrued liabilities, investment income, and net assets. There were also inconsistencies in the classification of raffle income.

Effect: Due to the inaccuracy of the information provided to the Board, the Association does not have the ability to make appropriate financial decisions.

Recommendation: The Association should take a more in-depth role in understanding the year-end adjustments necessary in preparing the financial statements and related notes to the financial statements.

View of Responsible Official: The Association concurs with the finding.

ASSUMPTION ASSOCIATION FOR RETARDED CITIZENS, INC.

SCHEDULE OF PRIOR FINDINGS AND RECOMMENDATIONS

B. FINDINGS – FINANCIAL STATEMENT AUDIT

None.



BOARD MEMBERS

Daniel Landry, President
Larry Boudreaux, Vice President
Wayne Arboneaux, Secretary
Alvin Campo
Rene Daze
Susan Harrison
Patricia Verrette

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

Sarah Olivo
Executive Director
solivo@aacinc.org

October 3, 2018

Louisiana Legislative Auditor

Assumption Association for Retarded Citizens, Inc. respectfully submits the following corrective action plan for the year ended June 30, 2018.

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

Financial Statement Period: July 1, 2017 – June 30, 2018

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

2018 – 001 SEGREGATION OF DUTIES

Finding: It was noted that proper segregation of duties is not in place specifically over the activities of cash receipts as the Accounting Coordinator performs the duties of both handling cash and checks received by the Association as well as recording and depositing these receipts into the accounting system.

Action Taken: Due to the limited number of personnel working for the Association, many of the critical duties are combined. However, duties will be segregated/re-routed to other personnel as much as possible. Cash will be handled by Central Office staff other than the Accounting Coordinator.



2018 – 002 INTERNAL CONTROL OVER FINANCIAL REPORTING

Finding: It was noted that several accounts required adjustment in order for them to properly reflect end of year balances: cash, property and equipment, accounts receivable, accrues liabilities, investment income, and net assets. There were inconsistencies in the classification of the raffle income. We also noted several accounts were not reconciled during the year; cash, unrealized gains, accounts receivable, and payroll related liabilities.

Action Taken: Assumption ARC recognizes that there may be a need for adjusting entries at year end. We will continue to strive for excellence within our control. All accounts will be reconciled and the Executive Director will sign off with approval. In regards to accounts receivable, better options for programs utilized by AARC will be explored.

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



Sarah Olivo

Executive Director

Assumption Association for Retarded Citizens, Inc.

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, 2018, and have issued our report thereon dated October 3, 2018. Professional standards suggest that we provide you with the following information related to our audit.

As stated in our engagement letter dated August 13, 2018 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-2018-001 IT Best Practices

Findings: The accounting software is maintained on one computer and is password protected. However, this computer is not locked when left unattended. Additional personnel have separate logins and passwords to the accounting software, but this information has been shared amongst these employees. Therefore, this eliminates the security of having separate logins and passwords for each employee that may need access to the software. Additionally, while the accounting data is backed up on a daily basis, these backups have not been tested to ensure that they are complete and recoverable.

Recommendations: All computers should be locked when left unattended. Logins and passwords should be unique and should not be shared amongst personnel. Additionally, testing of backups of data for completeness and recoverability should be performed monthly.

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.

Postlethwaite & Netterville

Donaldsonville, Louisiana
October 3, 2018



BOARD MEMBERS

Daniel Landry, President
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Sarah Olivo
Executive Director
solivo@aarcinc.org

October 3, 2018

Louisiana Legislative Auditor

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P.O. Box 1190
Donaldsonville, LA 70346

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ML-2018-001 IT Best Practices

Finding: The accounting software is maintained on one computer and is password protected. However, this computer is not locked when left unattended. Additional personnel have separate logins and passwords to the accounting software, but this information has been shared amongst these employees. Therefore, this eliminates the security of having separate logins and passwords for each employee that may need access to the software. Additionally, while the accounting data is backed up on a daily basis, these backups have not been tested to ensure that they are complete and recoverable.



Action Taken: The Accounting Coordinator will lock the computer when she is away from her desk. Logins and Passwords will not be shared amongst personnel. The Accounting Coordinator and Accounting Assistant will test their backups monthly.

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



Sarah Olivo

Executive Director

Assumption Association for Retarded Citizens, Inc.