

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

Financial Statements & Auditor's Report

**June 30, 2018
& for the Year Then Ended**

**With Comparative
Totals at June 30, 2017**

John R. Vercher C.P.A.
jrv@centurytel.net

Jonathan M. Vercher M.S., C.P.A.
jonathanvercher@centurytel.net

David R. Vercher M.B.A., C.P.A., C.F.E.
davidvercher@centurytel.net

THE VERCHER GROUP

*A Professional Corporation of
Certified Public Accountants*

P.O. Box 1608
1737 N 2nd St. – Suite A
Jena, Louisiana 71342
Tel: (318) 992-6348
Fax: (318) 992-4374

MEMBERS

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INDEPENDENT AUDITOR'S REPORT

Catahoula Association of Retarded Citizens, Inc.
Jonesville, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of Catahoula Association of Retarded Citizens, Inc. (CARC) (a nonprofit organization), which comprise the Statement of Financial Position as of June 30, 2018, and June 30, 2017, and the related statements of activities and cash flows for the year 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.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting 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 CARC as of June 30, 2018, and June 30, 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.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the CARC's basic financial statements. The Schedule of Compensation Benefits and Other Payments to Agency Head or Chief Executive Officer is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Compensation of Benefits and Other Payments to Agency Head or Chief Executive Officer is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the Schedule of Compensation Benefits and Other Payments to Agency Head or Chief Executive Officer is fairly stated in all material respects in relation to the basic 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 November 16, 2018, on our consideration of CARC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 CARC's internal control over financial reporting and compliance.

The Vercher Group

November 16, 2018
Jena, Louisiana

CATAHOULA ASSOCIATION OF RETARDED CITIZENS, INC.
STATEMENT OF FINANCIAL POSITION
June 30, 2018
(With Comparative Totals at June 30, 2017)

		ASSETS			June 30,	
		General Fund	Work Activity Fund	Association Fund	2018 Total	2017 Total
Current assets						
Cash on hand and in banks	\$	52,234	\$ 13,204	\$ 158	\$ 65,596	\$ 75,755
Cash in savings and certificates of deposit		19,588	-0-	3,150	22,738	21,482
Accounts receivable						
Supports and waivers		14,508	-0-	-0-	14,508	12,748
Sales and services		-0-	5,368	-0-	5,368	5,611
Prepaid insurance		-0-	-0-	-0-	-0-	4,340
Total current assets		<u>86,330</u>	<u>18,572</u>	<u>3,308</u>	<u>108,210</u>	<u>119,936</u>
Noncurrent assets						
Fixed assets (Note 5)		273,849	9,825	-0-	283,674	273,119
Deposits		295	-0-	-0-	295	295
		<u>274,144</u>	<u>9,825</u>	<u>-0-</u>	<u>283,969</u>	<u>273,414</u>
Total Assets	\$	<u>360,474</u>	\$ <u>28,397</u>	\$ <u>3,308</u>	\$ <u>392,179</u>	\$ <u>393,350</u>
LIABILITIES AND NET ASSETS						
Current liabilities						
Accounts payable	\$	2,350	\$ 353	\$ -0-	\$ 2,703	\$ 4,129
Accrued payroll taxes		3,974	32	-0-	4,006	3,634
Current portion of notes payable		6,702	-0-	-0-	6,702	6,486
Total current liabilities		<u>13,026</u>	<u>385</u>	<u>-0-</u>	<u>13,411</u>	<u>14,249</u>
Noncurrent liabilities						
Notes payable		4,738	-0-	-0-	4,738	11,826
Total Liabilities		<u>17,764</u>	<u>385</u>	<u>-0-</u>	<u>18,149</u>	<u>26,075</u>
Net Assets						
Unrestricted		287,621	28,012	3,308	318,941	343,887
Temporarily restricted		55,089	-0-	-0-	55,089	23,388
Total Net Assets	\$	<u>342,710</u>	\$ <u>28,012</u>	\$ <u>3,308</u>	\$ <u>374,030</u>	\$ <u>367,275</u>
Total Liabilities and Net Assets	\$	<u>\$ 360,474</u>	\$ <u>28,397</u>	\$ <u>3,308</u>	\$ <u>392,179</u>	\$ <u>393,350</u>

See accompanying auditor's report and notes to the basic financial statements.

CATAHOULA ASSOCIATION OF RETARDED CITIZENS, INC.
STATEMENT OF ACTIVITY AND NET ASSETS
YEAR ENDED JUNE 30, 2018
(With Comparative Totals for the year ended June 30, 2017)

	General Fund	Work Activity Fund	Association Fund	June 30, 2018 Total	2017 Total
SUPPORT					
State contracts	\$ 271,093	\$ -0-	\$ -0-	\$ 271,093	\$ 277,862
School system contracts	1,475	-0-	-0-	1,475	1,656
Grants - Federal	42,648	-0-	-0-	42,648	-0-
Total Support	<u>315,216</u>	<u>-0-</u>	<u>-0-</u>	<u>315,216</u>	<u>279,518</u>
REVENUES					
Work activity projects	-0-	52,895	-0-	52,895	53,895
State use cleaning contract	-0-	5,190	-0-	5,190	5,159
Interest	104	-0-	3	107	96
Donations	-0-	25	-0-	25	50
Gain on sale of equipment	2,750	800	-0-	3,550	1,500
Other	-0-	1,761	-0-	1,761	-0-
Total Revenue	<u>2,854</u>	<u>60,671</u>	<u>3</u>	<u>63,528</u>	<u>60,700</u>
Total Support and Revenue	\$ <u>318,070</u>	\$ <u>60,671</u>	\$ <u>3</u>	\$ <u>378,744</u>	\$ <u>340,218</u>
EXPENDITURES					
Salaries and client wages	\$ 196,310	\$ 36,321	\$ -0-	\$ 232,631	\$ 226,652
Payroll taxes	15,087	2,779	-0-	17,866	17,434
Telephone	4,602	-0-	-0-	4,602	3,248
Postage	424	-0-	-0-	424	652
Insurance	19,177	4,153	-0-	23,330	25,276
Transportation	17,711	2,155	-0-	19,866	20,400
In-service and training	1,625	-0-	-0-	1,625	1,860
Office supply	1,028	-0-	-0-	1,028	1,871
Computer expense	3,584	-0-	-0-	3,584	3,653
Utilities	5,030	-0-	-0-	5,030	5,690
Maintenance and cleaning	2,492	1,918	-0-	4,410	2,428
Depreciation	25,487	6,607	-0-	32,094	23,265
Interest	328	-0-	-0-	328	151
Supplies	3,659	3,517	-0-	7,176	7,413
Professional fees	11,236	-0-	-0-	11,236	10,241
State use fees	-0-	-0-	-0-	-0-	-0-
Travel	801	-0-	-0-	801	726
Other	2,008	3,857	93	5,958	4,776
Total Expenditures	\$ <u>310,589</u>	\$ <u>61,307</u>	\$ <u>93</u>	\$ <u>371,989</u>	\$ <u>355,736</u>
Excess (Deficit) of Support and Revenue over Expenditures	7,481	(636)	(90)	6,755	(15,518)
Net Assets, Beginning of Year	\$ <u>335,229</u>	\$ <u>28,648</u>	\$ <u>3,398</u>	\$ <u>367,275</u>	\$ <u>382,793</u>
Net Assets, End of Year	\$ <u>342,710</u>	\$ <u>28,012</u>	\$ <u>3,308</u>	\$ <u>374,030</u>	\$ <u>367,275</u>

See accompanying auditor's report and notes to the basic financial statements.

CATAHOULA ASSOCIATION OF RETARDED CITIZENS, INC.
STATEMENT OF CASH FLOWS
TOTAL - ALL FUNDS
YEAR ENDED JUNE 30, 2018
(With Comparative Totals for the year ended June 30, 2017)

	2018 Total	June 30, 2017 Total
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and other support	\$ 373,570	\$ 339,190
Payments to suppliers	(86,157)	(111,104)
Payments to employees	(250,125)	(226,652)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>37,288</u>	<u>1,434</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital asset additions	(42,648)	(27,967)
Capital assets sold	3,550	1,500
Interest earned	107	96
Interest paid	(328)	(151)
Additions to debt	-0-	20,000
Reduction of debt	(6,872)	(5,924)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(46,191)</u>	<u>(12,446)</u>
NET INCREASE (DECREASE) IN CASH	(8,903)	(11,012)
CASH AT BEGINNING OF YEAR	\$ <u>97,237</u>	\$ <u>108,249</u>
CASH AT END OF YEAR	\$ <u><u>88,334</u></u>	\$ <u><u>97,237</u></u>
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Change in net assets	\$ 6,755	\$ (15,518)
Depreciation	32,094	23,265
Interest earned	(107)	(96)
Interest paid	328	151
Sale of capital assets	(3,550)	(1,500)
(Increase) decrease in accounts receivable	(1,517)	565
(Increase) decrease in prepaid insurance	4,340	(4,340)
Increase (decrease) in accounts payable	(1,055)	(1,093)
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ <u><u>37,288</u></u>	\$ <u><u>1,434</u></u>
SUPPLEMENTAL DISCLOSURES		
Interest Paid	\$ 328	\$ 151

See accompanying auditor's report and notes to the basic financial statements.

**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. Equity Classifications

In the government-wide financial statements, equity is classified as Net Position and displayed in three components as applicable. The components are as follows:

Net Investment in Capital Assets - Capital assets including restricted capital assets, when applicable, net of accumulated depreciation.

Restricted Net Position - Net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation.

Unrestricted Net Position - All other net position that does not meet the definition of “restricted” or “net investment in capital assets”.

When an expense is incurred for the purposes for which both restricted and unrestricted net position is available, management applies restricted resources first. The policy concerning which to apply first varies with the intended use and legal requirements. The decision is typically made by management at the incurrence of the expense.

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.

CATAHOULA ASSOCIATION OF RETARDED CITIZENS, INC.

**NOTES TO THE BASIC FINANCIAL STATEMENTS
CONTINUED**

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.

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.

NOTE 3 - CASH AND CASH EQUIVALENTS

At June 30, 2018, the Association had cash and cash equivalents (book balances) totaling \$88,334 as follows:

		<u>General Fund</u>
Demand deposits	\$	65,496
Time deposits		22,738
Cash on hand		100
Total	\$	<u>88,334</u>

These deposits are stated at cost, which approximates market. At June 30, 2018, the Association had \$92,561 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**

NOTE 4 – ACCOUNTS RECEIVABLE

Accounts receivable consist of the following amounts:

General Fund		
State of Louisiana, Supports Wavier	\$	9,138
State of Louisiana, NOW Wavier		5,370
Work Activity Fund		
Services billed		4,940
State use janitorial contracts		429
Total	\$	19,877

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	141,683	36,535
Building & Improvements	224,396	-0-
	383,579	36,535
Less Accumulated Depreciation	(109,730)	(22,003)
Net Fixed Assets	\$ 273,849	\$ 14,532

NOTE 6 - NOTES PAYABLE

The following is a summary of the long-term obligations for the year ended June 30, 2018:

Long-term obligations at beginning of year	\$ 18,312
Borrowings	-0-
Deductions	(6,872)
Long-term obligations at end of year	\$ 11,440

CATAHOULA ASSOCIATION OF RETARDED CITIZENS, INC.

**NOTES TO THE BASIC FINANCIAL STATEMENTS
CONTINUED**

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, 2018:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
06-30-19	\$ 6,702	\$ 195	\$ 6,897
06-30-20	4,738	49	4,787
Total	<u>\$ 11,440</u>	<u>\$ 244</u>	<u>\$ 11,684</u>

NOTE 7 – RESTRICTED NET ASSETS

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 2016 Ford Transit Van was added in the fiscal year ended June 30, 2017.

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.

NOTE 10 – DIRECTOR'S FEES

No fees or reimbursements were paid to directors in the year ended June 30, 2018.

NOTE 11 - RETIREMENT

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

CATAHOULA ASSOCIATION OF RETARDED CITIZENS, INC.

**Schedule of Compensation Benefits and Other Payments
to Agency Head or Chief Executive Officer
For the Year Ended June 30, 2018**

Catahoula Association of Retarded Citizens, Inc.
-Debbie Manning, Director

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 57,708
Benefits-Insurance	-0-
Benefits-Retirement	-0-
Benefits (List any other here)	-0-
Car Allowance	-0-
Vehicle Provided by Government	-0-
Per Diem	-0-
Reimbursements	-0-
Travel	69
Registration Fees	-0-
Conference Travel	-0-
Continuing Professional Education Fees	-0-
Housing	-0-
Un-vouchered Expenses*	-0-
Special Meals	\$ -0-

*An example of an un-vouchered expense would be a travel advance.

See independent auditor's report.

John R. Vercher C.P.A.
jrv@centurytel.net

Jonathan M. Vercher M.S., C.P.A.
jonathanvercher@centurytel.net

David R. Vercher M.B.A., C.P.A., C.F.E.
davidvercher@centurytel.net

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P.O. Box 1608
1737 N 2nd St. – Suite A
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INDEPENDENT AUDITOR'S 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*

Catahoula Association of Retarded Citizens, Inc.
Jonesville, Louisiana

We have audited, in accordance with the 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 Catahoula Association of Retarded Citizens, Inc., (CARC), (a nonprofit organization), which comprise the Statement of Financial Position as of June 30, 2018, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 16, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered CARC'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 CARC's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

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

However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be significant deficiencies, **2018-I-1 Small Size Entity**.

Catahoula Association of Retarded Citizen's Response to Findings

The CARC's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The CARC's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the CARC's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

This report is intended solely for the information and use of the audit committee, management, federal awarding agencies and Legislative Auditor's Office and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a public document and its distribution is not limited.

The Vercher Group

November 16, 2018

Jena, Louisiana

CATAHOULA ASSOCIATION OF RETARDED CITIZENS, INC.

**SCHEDULE OF FINDINGS AND QUESTIONED COST
For the Year Ended June 30, 2018**

We have audited the basic financial statements of the Catahoula Association of Retarded Citizens, Inc. as of and for the two years ended June 30, 2018, and June 30, 2017, and have issued our report thereon dated November 16, 2018. We conducted our audit in accordance with generally accepted auditing standards 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.

Section I - Summary of Auditor's Results

Our audit of the financial statements as of June 30, 2018, resulted in an unmodified opinion.

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses Yes No Significant Deficiencies Yes No

Compliance

Compliance Material to Financial Statements Yes No

b. Federal Awards (Not Applicable)

Internal Control

Material Weaknesses Yes No Other Conditions Yes No

Type of Opinion On Compliance Unmodified Qualified
For Major Programs Disclaimer Adverse

Are the finding required to be reported in accordance with Uniform Guidance?

Yes No

c. Identification Of Major Programs:

CFDA Number (s)	Name of Federal Program (or Cluster)
------------------------	---------------------------------------------

Dollar threshold used to distinguish between Type A and Type B Programs: \$

Is the auditee a 'low-risk' auditee, as defined by OMB Uniform Guidance? Yes No

CATAHOULA ASSOCIATION OF RETARDED CITIZENS, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COST – (CONT.)

For the Year Ended June 30, 2018

Section II Financial Statement Findings

2018-I-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.

Contact Person: Debra T. Manning

Anticipated Completion Date: N/A

Section III Federal Awards Findings and Questioned Costs

Not applicable.

John R. Vercher C.P.A.
jrv@centurytel.net

Jonathan M. Vercher M.S., C.P.A.
jonathanvercher@centurytel.net

David R. Vercher M.B.A., C.P.A., C.F.E.
davidvercher@centurytel.net

THE VERCHER GROUP

*A Professional Corporation of
Certified Public Accountants*

**P.O. Box 1608
1737 N 2nd St. – Suite A
Jena, Louisiana 71342
Tel: (318) 992-6348
Fax: (318) 992-4374**

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MANAGEMENT LETTER COMMENTS

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

No items to report.

CATAHOULA ASSOCIATION OF RETARDED CITIZENS, INC.

STATUS OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2017

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, 2017.

2017-I-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.