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**ASSOCIATION FOR RETARDED
CITIZENS/OUACHITA**

**Financial Statements
As of and for the Years Ended
June 30, 2011 and 2010**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date **JAN 25 2012**

ASSOCIATION FOR RETARDED CITIZENS/OUACHITA

**Financial Statements
As of and for the Years Ended
June 30, 2011 and 2010**

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LUFFEY, HUFFMAN, RAGSDALE & SOIGNIER

(A PROFESSIONAL ACCOUNTING CORPORATION)
CERTIFIED PUBLIC ACCOUNTANTS

John L. Luffey, MBA, CPA (1963-2002)
Francis I. Huffman, CPA
Phillip A. Ragsdale, CPA
David Ray Soignier, CPA, MBA

John Herman, CPA
Lynn Andries, CPA
Esther Atteberry, CPA
Sandra Harrington, CPA
Lori Woodard, MBA, CPA

INDEPENDENT AUDITORS' REPORT

**The Board of Directors
Association for Retarded Citizens/Ouachita
Monroe, Louisiana**

We have audited the accompanying statements of financial position of the **Association for Retarded Citizens/Ouachita** (a not-for-profit organization - the Association) as of June 30, 2011 and 2010, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Association as of and for the years ended June 30, 2011 and 2010, and the changes in net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2011, on our consideration of the Association's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 do not provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Association's financial statements taken as a whole. The information included as "Other Supplementary Data" in the Table of Contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Luffey Huffman, Ragsdale, & Soignier

(A Professional Accounting Corporation)
November 30, 2011

FINANCIAL STATEMENTS

ASSOCIATION FOR RETARDED CITIZENS/OUACHITA

Statements of Financial Position

	<u>June 30, 2011</u>		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Assets			
Cash	\$ 612,460	\$ -	\$ 612,460
Investments	-	-	-
Accounts receivable	-	-	-
Services	223,662	-	223,662
Contributions	3,000	-	3,000
United Way	-	156,080	156,080
Other	22,416	-	22,416
Prepaid expenses	3,183	-	3,183
Land, building and equipment	585,314	171,274	756,588
Accumulated depreciation	(456,157)	(127,015)	(583,172)
Other deposits	5,135	-	5,135
Total assets	<u>\$ 999,013</u>	<u>\$ 200,339</u>	<u>\$ 1,199,352</u>
Liabilities and net assets			
Liabilities			
Accounts payable	\$ 62,595	\$ -	\$ 62,595
Accrued payroll and taxes	89,922	-	89,922
Total liabilities	<u>152,517</u>	<u>-</u>	<u>152,517</u>
Net Assets			
Unrestricted	846,496	-	846,496
Temporarily restricted	-	200,339	200,339
Total net assets	<u>846,496</u>	<u>200,339</u>	<u>1,046,835</u>
Total liabilities and net assets	<u>\$ 999,013</u>	<u>\$ 200,339</u>	<u>\$ 1,199,352</u>

The accompanying notes are an integral part of these statements.

June 30, 2010		
Unrestricted	Temporarily Restricted	Total
\$ 360,718	\$ -	\$ 360,718
142,556	106,509	249,065
190,235	-	190,235
3,000	-	3,000
-	136,678	136,678
14,168	-	14,168
3,464	-	3,464
552,543	171,274	723,817
(444,446)	(102,361)	(546,807)
5,135	-	5,135
<u>\$ 827,373</u>	<u>\$ 312,100</u>	<u>\$ 1,139,473</u>
\$ 60,022	\$ -	\$ 60,022
79,091	-	79,091
<u>139,113</u>	<u>-</u>	<u>139,113</u>
688,260	-	688,260
-	312,100	312,100
<u>688,260</u>	<u>312,100</u>	<u>1,000,360</u>
<u>\$ 827,373</u>	<u>\$ 312,100</u>	<u>\$ 1,139,473</u>

ASSOCIATION FOR RETARDED CITIZENS/OUACHITA

Statements of Activities For the Years Ended

	June 30, 2011		
	Unrestricted	Temporarily Restricted	Total
Support and Revenue			
Intergovernmental	\$ 2,851,423	\$ -	\$ 2,851,423
Charges for services	269,045	-	269,045
United Way allocation	-	167,460	167,460
Contributions and grants	238,269	-	238,269
Membership dues	77,828	-	77,828
Contributions and net revenue from Special events			
Contributions	280,233	-	280,233
Costs of direct benefits to donors	(118,589)	-	(118,589)
Other revenues	14,195	-	14,195
Total	3,612,404	167,460	3,779,864
Net assets released from restrictions	279,221	(279,221)	-
Total support and revenue	3,891,625	(111,761)	3,779,864
Expenses			
Program services			
Supported employment	635,958	-	635,958
Supported work contracts	249,362	-	249,362
Supported living	1,659,290	-	1,659,290
Community home			
Mallard Home	192,146	-	192,146
Early Intervention	319,254	-	319,254
Total program services	3,056,010	-	3,056,010
Supporting services			
Management and general	468,041	-	468,041
Fundraising	209,338	-	209,338
Total supporting services	677,379	-	677,379
Total expenses	3,733,389	-	3,733,389
Increase (decrease) in net assets	158,236	(111,761)	46,475
Net assets at beginning of year	688,260	312,100	1,000,360
Net assets at end of year	\$ 846,496	\$ 200,339	\$ 1,046,835

The accompanying notes are an integral part of these statements.

June 30, 2010

<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
\$ 2,907,162	\$ -	\$ 2,907,162
280,593	-	280,593
-	147,446	147,446
99,305	-	99,305
49,906	-	49,906
222,875	-	222,875
(47,356)	-	(47,356)
47,501	-	47,501
<u>3,559,986</u>	<u>147,446</u>	<u>3,707,432</u>
<u>185,500</u>	<u>(185,500)</u>	<u>-</u>
3,745,486	(38,054)	3,707,432
567,880	-	567,880
264,854	-	264,854
1,727,592	-	1,727,592
182,157	-	182,157
329,779	-	329,779
<u>3,072,262</u>	<u>-</u>	<u>3,072,262</u>
463,661	-	463,661
126,051	-	126,051
<u>589,712</u>	<u>-</u>	<u>589,712</u>
<u>3,661,974</u>	<u>-</u>	<u>3,661,974</u>
83,512	(38,054)	45,458
<u>604,748</u>	<u>350,154</u>	<u>954,902</u>
<u>\$ 688,260</u>	<u>\$ 312,100</u>	<u>\$ 1,000,360</u>

ASSOCIATION FOR RETARDED CITIZENS/OUACHITA

**Statement of Functional Expenses
For the Year Ended June 30, 2011**

	Program Services				
	<u>Supported Employment</u>	<u>Supported Work Contracts</u>	<u>Supported Living</u>	<u>Mallard Home</u>	<u>Early Intervention</u>
Salaries	\$ 434,084	\$ 109,101	\$ 1,311,212	\$ 79,617	\$ 185,583
Payroll taxes	34,884	189	101,341	6,350	13,493
Pension	3,438	-	10,111	372	4,697
Total salaries and related expenses	472,406	109,290	1,422,664	86,339	203,773
Dues and subscriptions	1,476	509	2,982	291	1,126
Food	2,448	960	1,179	8,289	1,185
Insurance	21,905	17,728	78,811	9,206	14,846
Licenses and inspections	1,041	703	2,932	1,068	50
Maintenance	18,731	18,483	10,067	10,297	1,066
Medical	2,401	871	5,974	9,698	30
Miscellaneous	5,981	2,826	2,106	16,907	217
Office supplies and postage	2,090	135	4,938	377	1,271
Professional fees	-	-	12,013	3,720	16,034
Public awareness	1,029	7,674	1,461	51	75
Rent	13,785	31,200	16,723	635	52,912
Supplies	2,435	23,697	1,708	9,217	1,106
Telephone	8,264	3,992	5,196	1,243	3,193
Training	5,387	58	8,652	17,182	4,090
Transportation	30,998	14,248	1,450	2,768	980
Travel	7,662	7	69,959	938	10,024
Utilities	10,092	15,981	8,924	6,673	724
Total	608,131	248,362	1,657,739	184,899	312,702
Depreciation of buildings and equipment	27,827	1,000	1,551	7,247	6,552
Total functional expenses	635,958	249,362	1,659,290	192,146	319,254
Allocation of central office overhead to programs	92,030	-	287,322	16,865	40,353
Total functional expenses after allocation of central office overhead	\$ 727,988	\$ 249,362	\$ 1,946,612	\$ 209,011	\$ 359,607

The accompanying notes are an integral part of these statements.

Supporting Services

Total Program Services	Management and General	Fund Raising	Total Supporting Services	Total Expenses
\$ 2,119,597	\$ 221,441	\$ 65,841	\$ 287,282	\$ 2,406,879
156,257	16,957	5,234	22,191	178,448
18,618	7,546	781	8,327	26,945
2,294,472	245,944	71,856	317,800	2,612,272
6,384	1,268	804	2,072	8,456
14,061	172	5,010	5,182	19,243
142,496	12,153	4,582	16,735	159,231
5,794	548	214	762	6,556
58,644	21,432	2,329	23,761	82,405
18,974	869	107	976	19,950
28,037	31,396	13,741	45,137	73,174
8,811	4,526	4,638	9,164	17,975
31,767	103,629	798	104,427	136,194
10,290	3,663	3,269	6,932	17,222
115,255	18,994	90,597	109,591	224,846
38,163	993	447	1,440	39,603
21,888	2,445	922	3,367	25,255
35,369	3,507	55	3,562	38,931
50,444	-	-	-	50,444
88,590	1,538	8,402	9,940	98,530
42,394	8,568	1,567	10,135	52,529
3,011,833	461,645	209,338	670,983	3,682,816
44,177	6,396	-	6,396	50,573
3,056,010	468,041	209,338	677,379	3,733,389
436,570	(436,570)	-	(436,570)	-
\$ 3,492,580	\$ 31,471	\$ 209,338	\$ 240,809	\$ 3,733,389

ASSOCIATION FOR RETARDED CITIZENS/OUACHITA

**Statement of Functional Expenses
For the Year Ended June 30, 2010**

Program Services

	<u>Supported Employment</u>	<u>Supported Work Contracts</u>	<u>Supported Living</u>	<u>Mallard Home</u>	<u>Early Intervention</u>
Salaries	\$ 384,603	\$ 115,943	\$ 1,358,553	\$ 82,156	\$ 190,992
Payroll taxes	30,129	449	105,586	6,298	14,359
Pension	4,889	-	12,570	854	6,136
Total salaries and related expenses	419,621	116,392	1,476,709	89,308	211,487
Dues and subscriptions	1,354	740	3,308	343	1,056
Food	2,102	289	752	5,625	1,279
Insurance	33,026	21,830	88,253	9,222	17,903
Interest	-	-	-	-	-
Licenses and inspections	1,137	284	2,954	1,119	441
Maintenance	15,134	15,680	3,371	4,384	2,386
Medical	2,865	281	9,232	1,430	457
Miscellaneous	920	4,050	2,815	12,530	4,311
Office supplies and postage	1,913	103	5,820	470	1,351
Professional fees	70	-	8,529	4,626	34,383
Public awareness	804	8,097	3,017	113	1,232
Rent	11,879	32,050	17,196	469	24,951
Supplies	2,850	26,900	3,062	4,896	1,097
Telephone	8,607	3,046	5,094	1,519	3,553
Training	1,301	23	3,627	26,471	7,356
Transportation	21,934	14,597	1,348	2,605	1,049
Travel	7,013	83	81,211	1,386	9,980
Utilities	8,386	12,802	9,926	6,557	3,401
Total	540,916	257,247	1,726,224	173,073	327,673
Depreciation of buildings and equipment	26,964	7,607	1,368	9,084	2,106
Total functional expenses	567,880	264,854	1,727,592	182,157	329,779
Allocation of central office overhead to programs	80,004	33	278,887	17,678	43,467
Total functional expenses after allocation of central office overhead	\$ 647,884	\$ 264,887	\$ 2,006,479	\$ 199,835	\$ 373,246

The accompanying notes are an integral part of these statements.

Supporting Services

<u>Total Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total Supporting Services</u>	<u>Total Expenses</u>
\$ 2,132,247	\$ 182,522	\$ 57,265	\$ 239,787	\$ 2,372,034
156,821	13,448	4,288	17,736	174,557
24,449	2,051	357	2,408	26,857
<u>2,313,517</u>	<u>198,021</u>	<u>61,910</u>	<u>259,931</u>	<u>2,573,448</u>
6,801	858	32	890	7,691
10,047	3,553	11	3,564	13,611
170,234	26,162	4,423	30,585	200,819
-	195	-	195	195
5,935	271	99	370	6,305
40,955	17,105	1,695	18,800	59,755
14,265	528	2	530	14,795
24,626	7,942	2,161	10,103	34,729
9,657	13,526	5,482	19,008	28,665
47,608	151,086	771	151,857	199,465
13,263	3,352	842	4,194	17,457
86,545	19,877	45,974	65,851	152,396
38,805	1,287	614	1,901	40,706
21,819	2,881	829	3,710	25,529
38,778	1,096	61	1,157	39,935
41,533	-	34	34	41,567
99,673	172	1,003	1,175	100,848
41,072	8,288	89	8,377	49,449
<u>3,025,133</u>	<u>456,200</u>	<u>126,032</u>	<u>582,232</u>	<u>3,607,365</u>
<u>47,129</u>	<u>7,461</u>	<u>19</u>	<u>7,480</u>	<u>54,609</u>
3,072,262	463,661	126,051	589,712	3,661,974
<u>420,069</u>	<u>(417,923)</u>	<u>(2,146)</u>	<u>(420,069)</u>	<u>-</u>
<u>\$ 3,492,331</u>	<u>\$ 45,738</u>	<u>\$ 123,905</u>	<u>\$ 169,643</u>	<u>\$ 3,661,974</u>

ASSOCIATION FOR RETARDED CITIZENS/OUACHITA

Statements of Cash Flows

	For the Years Ended June 30,	
	<u>2011</u>	<u>2010</u>
Cash Flows From Operating Activities		
Increase (Decrease) in Net Assets	\$ 46,476	\$ 45,457
Adjustments to reconcile increase in net assets to net cash provided (used) by operating activities		
Depreciation	50,573	54,609
Non-cash contributions of assets	(31,817)	-
Gain on sale of assets	(3,869)	-
Changes in assets and liabilities		
Accounts receivable	(61,076)	63,291
Other assets	281	(3,867)
Accounts payable and accrued expenses	13,404	25,376
Total Adjustments	<u>(32,504)</u>	<u>139,409</u>
Net cash provided (used) by operating activities	<u>13,972</u>	<u>184,866</u>
 Cash Flows From Investing Activities		
Purchases of certificates of deposit	-	(7,840)
Purchases of fixed assets	(22,641)	(9,037)
Retirements of investments	249,065	-
Proceeds from sales of assets	11,346	-
Net cash provided (used) by investing activities	<u>237,770</u>	<u>(16,877)</u>
 Net Increase (Decrease) in Cash	 251,742	 167,989
Cash at Beginning of Year	<u>360,718</u>	<u>192,729</u>
Cash at End of Year	<u>\$ 612,460</u>	<u>\$ 360,718</u>
 Supplemental Disclosures:		
Cash paid for interest	<u>\$ -</u>	<u>\$ 195</u>
Non-Cash Investing & Operating Activities:		
Revenue and expense of non-cash contribution	<u>\$ 144,416</u>	<u>\$ -</u>
Capital acquired in part by non-cash contribution	<u>\$ 31,817</u>	<u>\$ -</u>

The accompanying notes are an integral part of these statements.

ASSOCIATION FOR RETARDED CITIZENS/OUACHITA
Notes To The Financial Statements
For the Years Ended June 30, 2011 and 2010

Note 1 - Description of Organization

The Association for Retarded Citizens/Ouachita (the Association) dba ARCO was established in 1954 to promote the general welfare of all persons with developmental disabilities within its service area which generally includes the Northeast portion of Louisiana. The programs are designed to assist and train clients to become independent citizens within the Association's service area. The principal programs consist of vocational training, residential living and early intervention.

Note 2 - Summary of Significant Accounting Policies

A. Basis of Presentation

The financial statements have been prepared on an accrual basis and in conformity with Generally Accepted Accounting Principles (GAAP). In June 2009, the Financial Accounting Standards Board (FASB) issued Accounting Standards Codification (ASC) 105, "*Generally Accepted Accounting Principles*", and established the FASB Standards Accounting Codification (the Codification) as the single source of authoritative United States generally accepted accounting principles (GAAP) for all non-governmental entities. The Codification, which became effective July 1, 2009, changes the referencing and organization of accounting guidance and literature. Accordingly, GAAP pronouncements are now referenced as ASC's. The issuance of this Codification did not change GAAP, and therefore the adoption of this guidance only affected how specific references to GAAP literature are disclosed in the Corporation's financial statements.

The financial statements of the Association are presented as recommended by the Financial Accounting Standards Board in ASC 958-205, *Not For Profit Entities-Presentation of Financial Statements*. Under ASC 958-205, the Association is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. At June 30, 2011, the Association had no permanently restricted net assets.

B. Contributions-Cash

In accordance with ASC 658-605, *Not For Profit Entities-Revenue Recognition*, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. Under ASC 658-605, such contributions are required to be reported as

ASSOCIATION FOR RETARDED CITIZENS/OUACHITA
Notes To The Financial Statements
For the Years Ended June 30, 2011 and 2010

temporarily restricted support and then reclassified to unrestricted net assets upon satisfaction of the related restrictions.

C. Contributions-NonCash

Members, agencies, business firms, volunteers and others contribute substantial services toward the fulfillment of projects initiated by the Association. In addition, substantial goods are donated to the Association's store. No amounts have been recognized in the Statement of Activities for these contributions because the criteria for recognition under ASC 658-605 have not been satisfied. Other non-cash contributions of goods and services including rent have been recognized in the financial statements.

D. Land, Buildings and Equipment

Land, buildings and equipment are stated at cost. All donated capital assets are recorded at fair market value on the date of the donation. The Association capitalizes all property value at \$1,000 or more and an estimated useful life of one year or more. Depreciation is computed on a straight-line basis over the useful lives of the assets using the following estimated lives:

	<u>Years</u>
Buildings	15 - 30
Furniture and Equipment	3 - 10
Vehicles	5

E. Compensated Absences

ARCO's vacation policy does not provide for the carryover of vacation to the subsequent year. The financial statements do not include an accrual since all vacation was used during the year ended June 30, 2011. Sick days may be accumulated to a maximum of 15 days; however, employees are not paid for any unused sick days upon termination and therefore an accrual for sick leave is not reflected in the financial statements.

F. Functional Expenses

Expenses that can be identified with a specific program and support service are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated by various statistical bases.

ASSOCIATION FOR RETARDED CITIZENS/OUACHITA
Notes To The Financial Statements
For the Years Ended June 30, 2011 and 2010

G. Programs

The Association's principal programs and primary funding sources are:

Supported Employment – This income is derived primarily from the Louisiana Department of Health and Hospitals through two Medicaid Waivers, the NOW and the Supports Waiver. These funds are used to train clients in vocational and prevocational activities and supportive services. Also, some income is derived from the Department of Social Services, Office of Louisiana Rehabilitative Services. This program specifically provides vocational training support to clients placed in jobs within the community.

Day Habilitation provides meaningful non-work day activities to men and women and is funded by Medicaid's NOW and Supports Waivers as well.

Supported Work Contracts - Supported Work Contract's income is derived from cleaning and document destruction services by clients and the operations of the Sassy Kats clothing store.

Supported Living - Supported Living's primary income is derived from the Louisiana Department of Health and Hospitals Medicaid NOW Waiver. This home and community based program helps the individual clients become more independent by providing support and training in their personal residences within the community. State funds for those without Medicaid Waivers are provided by the Office for Citizens with Developmental Disabilities, and some individuals are private pay.

Mallard Home – Mallard Home's income is derived from the Louisiana Department of Health and Hospitals Intermediate Care Facility for the Developmentally Disabled (ICF/DD) Medicaid Program. Clients pay a pro-rata share of the costs based on their income. This program provides clients with a home environment within the community and helps them become more independent citizens. Typically, clients in Mallard Home are trained also in the Supported Employment program.

Early Intervention - Early Intervention's income is derived from the Louisiana Department of Health and Hospitals, United Way, grants, non-profit agencies, and charges for therapeutic services (private insurance). This program provides training and therapeutic services to disabled infants, ages 0-3 years. Additionally, ARCO serves a few children over the age of 3 years through private health insurance or private pay.

ASSOCIATION FOR RETARDED CITIZENS/OUACHITA
Notes To The Financial Statements
For the Years Ended June 30, 2011 and 2010

H. Tax-Exempt Status

The Association is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and, therefore, has no provision for Federal income taxes. Contributions to the Association are tax deductible within the limitations prescribed by the Code.

I. Cash and Cash Equivalents and Investments

For purposes of the Statement of Cash Flows, the Association considers demand deposits, time deposits and certificates of deposit with an original maturity of three months or less to be cash equivalents.

J. Accounting Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 3 - Land, Building and Equipment

Land, Building and Equipment consisted of the following

	June 30,	
	2011	2010
Buildings and Improvements	\$ 196,465	\$ 192,760
Furniture and Equipment	177,315	144,409
Vehicles	344,670	348,510
Land	38,138	38,138
Less: Accumulated Depreciation	(583,172)	(546,807)
Net Land, Building and Equipment	\$ 173,416	\$ 177,010

Included in vehicles above are five vehicles that cost a total of \$171,274 that were acquired through Federal grants along with 20% matching funds from the Association. The Association retains the use of those vehicles as long as they are kept, maintained and

ASSOCIATION FOR RETARDED CITIZENS/OUACHITA
Notes To The Financial Statements
For the Years Ended June 30, 2011 and 2010

used for the Association's designated purpose. Those vehicles are not to be sold or disposed of either during their useful lives (5 years or 100,000 miles) without the state's permission; therefore, these vehicles less the related accumulated depreciation of \$127,015 are shown as temporarily restricted.

Note 4 - Notes Payable

A letter of credit in the amount of \$100,000 was issued by Capital One Bank. It is secured by all funds on deposit with them and provides a variable simple interest rate to be adjusted monthly to one percent (1%) over the Wall Street Journal prime rate. There was no outstanding debt on this line of credit at June 30, 2011. However, \$30,000 was drawn on the line of credit subsequent to year end and will be repaid in early December. The line of credit is subject to annual renewal in December of each year.

Note 5 - Temporarily Restricted and Designated Net Assets

The following summarizes net assets that are temporarily restricted

	June 30,	
	2011	2010
Investments - Building Fund	\$ -	\$ 106,509
Accounts Receivable - United Way (Note 2-B)	156,080	136,678
Vehicles - DOTD	171,274	171,274
Less: Accumulated Depreciation	(127,015)	(102,361)
Total	\$ 200,339	\$ 312,100

During a prior year, the Kitty DeGree Foundation pledged and paid a matching grant of \$50,000 for ARCO's building program. Those funds were to be earned based on other donations that are received and dedicated to the building program. Sufficient matching funds were received, qualifying the pledge for recognition as temporarily restricted support. During the year ended June 30, 2011, the donor lifted the restrictions on these funds and they are included in unrestricted net assets.

ASSOCIATION FOR RETARDED CITIZENS/OUACHITA
Notes To The Financial Statements
For the Years Ended June 30, 2011 and 2010

Note 6 - Disclosures About Concentrations

The Association's cash and cash investments are on deposit with three Federally-insured financial institutions. The amounts on deposit totaled \$588,316 of which \$483,643 was insured by federal deposit insurance and \$104,673 was uninsured at June 30, 2011.

The Association's contracts are primarily with government agencies; therefore, a majority of its revenue and accounts receivable are derived from those sources.

Note 7 - Operating Leases

Total rent expense for the year was \$224,846. The Association has several lease commitments. However, these leases are either on a month-to-month basis or contain "funding-out" clauses which allow the agreements to be cancelled.

Note 8 - Commitments and Contingencies

The Association receives the majority of its revenue based on contracts with various Federal and state agencies. These contracts are subject to review by the respective agencies which could result in disallowed costs. Additionally, funding levels are subject to review on a periodic basis by the grantor agencies, which could result in changes in funding levels.

Note 9 - Related Party Transactions

The matching grant from the Kitty DeGree Foundation, described in Note 5 above, is a related party transaction since Ms. Kitty DeGree serves on the Board of Directors of the Association.

Note 10 - Tax Deferred Annuity Plan

The Association offers its employees a tax deferred annuity plan qualified under Section 403(b) of the Internal Revenue Code. The plan covers full-time employees of the Association. ARCO will match up to 3% of gross salaries of qualified employees who elect to participate in the plan. Employees may make contributions to the plan up to the maximum amount allowed by the Internal Revenue Code. ARCO contributed \$26,945 on behalf of the participants for the year ended June 30, 2011.

ASSOCIATION FOR RETARDED CITIZENS/OUACHITA
Notes To The Financial Statements
For the Years Ended June 30, 2011 and 2010

Note 11 – Subsequent Events

Management has evaluated subsequent events through November 30, 2011, the date which the financial statements were available to be issued.

OTHER SUPPLEMENTARY DATA

ASSOCIATION FOR RETARDED CITIZENS/OUACHITA

Combining Schedule of Financial Position

June 30, 2011

Schedule 1

	<u>General Fund</u>	<u>Supported Employment</u>	<u>Supported Work Contracts</u>	<u>Supported Living</u>
Assets				
Cash	\$ 612,100	\$ -	\$ 200	\$ -
Accounts receivable				
Services	3,000	44,583	21,797	117,906
Contributions	-	3,000	-	-
United Way	156,080	-	-	-
Other	17,420	1,714	(430)	3,371
Due from other funds	215,612	-	-	-
Land, building and equipment	280,750	136,688	156,838	36,760
Accumulated depreciation	(188,543)	(79,736)	(152,616)	(36,760)
Prepaid expenses	3,183	-	-	-
Other deposits	2,975	-	1,460	-
Total Assets	\$ <u>1,102,577</u>	\$ <u>106,249</u>	\$ <u>27,249</u>	\$ <u>121,277</u>
Liabilities and net assets				
Liabilities				
Accounts payable	\$ 35,040	\$ 4,085	\$ 6,839	\$ 6,485
Due to other funds	-	90,055	16,295	73,526
Accrued payroll and taxes	20,702	12,109	4,115	41,266
Total liabilities	55,742	106,249	27,249	121,277
Net Assets				
Unrestricted	846,496	-	-	-
Temporarily restricted	200,339	-	-	-
Total net assets	1,046,835	-	-	-
Total liabilities and net assets	\$ <u>1,102,577</u>	\$ <u>106,249</u>	\$ <u>27,249</u>	\$ <u>121,277</u>

<u>Mallard Home</u>	<u>Early Intervention</u>	<u>Total All Funds</u>
\$ 160	\$ -	\$ 612,460
25,730	10,646	223,662
-	-	3,000
-	-	156,080
341	-	22,416
-	-	215,612
111,402	34,150	756,588
(101,693)	(23,824)	(583,172)
-	-	3,183
-	700	5,135
<u>\$ 35,940</u>	<u>\$ 21,672</u>	<u>\$ 1,414,964</u>
\$ 4,617	\$ 5,529	\$ 62,595
27,759	7,977	215,612
3,564	8,166	89,922
<u>35,940</u>	<u>21,672</u>	<u>368,129</u>
-	-	846,496
-	-	200,339
<u>-</u>	<u>-</u>	<u>1,046,835</u>
<u>\$ 35,940</u>	<u>\$ 21,672</u>	<u>\$ 1,414,964</u>

ASSOCIATION FOR RETARDED CITIZENS/OUACHITA

**Combining Schedule of Activities
For the Year Ended June 30, 2011
With Comparative Totals for the Year Ended June 30, 2010**

Schedule 2

	<u>General Fund</u>	<u>Supported Employment</u>	<u>Supportive Work Contracts</u>	<u>Supported Living</u>
Support and Revenue				
Intergovernmental	\$ -	\$ 594,860	\$ -	\$ 1,967,983
Charges For Services	-	18,264	191,951	19,180
Contributions and Grants	163,971	3,060	3,842	1,000
United Way Allocation	-	-	-	-
Membership Dues	77,828	-	-	-
Contributions and Net Revenues from Special Events				
Contributions	280,208	-	-	25
Costs of Direct Benefit to Donors	(118,589)	-	-	-
Other Revenues	5,091	3,918	887	(263)
Total support and revenue	<u>408,509</u>	<u>620,102</u>	<u>196,680</u>	<u>1,987,925</u>
Expenses				
Depreciation and Amortization	223	29,151	1,000	5,559
Dues and Subscriptions	1,604	1,578	509	3,281
Food	5,015	2,484	960	1,288
Insurance	5,238	24,433	17,728	86,217
Interest	-	-	-	-
Licenses and Inspections	525	1,090	703	3,093
Maintenance	2,882	23,113	18,483	23,889
Medical	505	2,499	871	6,282
Miscellaneous	18,254	12,059	2,826	19,116
Office Supplies and Postage	4,982	2,967	135	7,700
Payroll Taxes	5,815	38,334	189	112,089
Pension	4,097	4,327	-	12,892
Professional Fees	7,828	19,842	-	76,910
Public Awareness	3,928	1,655	7,674	3,441
Rent	91,434	17,612	31,200	28,644
Salaries	74,143	479,021	109,101	1,451,067
Supplies	612	2,611	23,697	2,247
Telephone	1,004	8,763	3,992	6,749
Training	1,541	5,823	58	9,970
Transportation	-	30,998	14,248	1,450
Travel	9,379	7,781	7	70,329
Utilities	1,800	11,847	15,981	14,399
Total Expenses	<u>240,809</u>	<u>727,988</u>	<u>249,362</u>	<u>1,946,612</u>
Excess (Deficiency) of Revenues Over Expenses	167,700	(107,886)	(52,682)	41,313

	Mallard Home	Early Intervention	Total June 30,	
			2011	2010
\$	172,151	\$ 116,429	\$ 2,851,423	\$ 2,907,162
	17,674	21,976	269,045	280,593
	-	66,396	238,269	99,305
	-	167,460	167,460	147,446
	-	-	77,828	49,906
	-	-	280,233	222,875
	-	-	(118,589)	(47,356)
	4,562	-	14,195	47,501
	<u>194,387</u>	<u>372,261</u>	<u>3,779,864</u>	<u>3,707,432</u>
	7,509	7,131	50,573	54,609
	312	1,172	8,456	7,691
	8,295	1,201	19,243	13,611
	9,683	15,932	159,231	200,819
	-	-	-	195
	1,075	70	6,556	6,305
	11,082	2,956	82,405	59,755
	9,717	76	19,950	14,795
	18,115	2,804	73,174	34,729
	537	1,654	17,975	28,665
	6,993	15,028	178,448	174,557
	537	5,092	26,945	26,857
	7,085	24,529	136,194	199,465
	165	359	17,222	17,457
	1,348	54,608	224,846	152,396
	87,998	205,549	2,406,879	2,372,034
	9,251	1,185	39,603	40,706
	1,334	3,413	25,255	25,529
	17,252	4,287	38,931	39,935
	2,768	980	50,444	41,567
	957	10,077	98,530	100,848
	6,998	1,504	52,529	49,449
	<u>209,011</u>	<u>359,607</u>	<u>3,733,389</u>	<u>3,661,974</u>
	(14,624)	12,654	46,475	45,458

(Continued)

ASSOCIATION FOR RETARDED CITIZENS/OUACHITA

Combining Schedule of Activities (Concluded)

For the Year Ended June 30, 2011

With Comparative Totals for the Year Ended June 30, 2010

Schedule 2

	<u>General Fund</u>	<u>Supported Employment</u>	<u>Supportive Work Contracts</u>	<u>Supported/ Independent Living</u>
Other financing sources (uses)				
Operating Transfers In	-	107,886	52,682	-
Operating Transfers (Out)	<u>(121,225)</u>	<u>-</u>	<u>-</u>	<u>(41,313)</u>
Total Other Financing Sources (Uses)	<u>(121,225)</u>	<u>107,886</u>	<u>52,682</u>	<u>(41,313)</u>
 Increase (Decrease) in Net Assets	 46,475	 -	 -	 -
 Net Assets at Beginning of Year	 <u>1,000,360</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>
 Net Assets at End of Year	 <u>\$ 1,046,835</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ -</u>

<u>Mallard Home</u>	<u>Early Intervention</u>	<u>Total June 30,</u>	
		<u>2011</u>	<u>2010</u>
14,624	-	175,192	180,509
-	(12,654)	(175,192)	(180,509)
<u>14,624</u>	<u>(12,654)</u>	<u>-</u>	<u>-</u>
-	-	46,475	45,458
-	-	1,000,360	954,902
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,046,835</u>	<u>\$ 1,000,360</u>

SUPPLEMENTARY INFORMATION

**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***

**The Board of Directors
Association for Retarded Citizens / Ouachita
Monroe, Louisiana**

We have audited the financial statements of the **Association for Retarded Citizens/Ouachita** (the Association) as of and for the year ended June 30, 2011, and have issued our report thereon dated November 30, 2011. 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.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Association's internal control over financial reporting as a basis for designing our auditing procedures 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 Association's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control over financial reporting.

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.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**The Board of Directors
Association for Retarded Citizens/Ouachita**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Association's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and 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*.

We noted a certain matter that we reported to management and those charged with governance of the Association in a separate letter dated November 30, 2011.

This report is intended solely for the information of management of the Association, awarding agencies and pass-through entities, other entities granting funds to the Association and the Legislative Auditor for the state of Louisiana and is not intended to be used and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Huffman, Huffman, Reynolds, & Squires

(A Professional Accounting Corporation)

November 30, 2011

ASSOCIATION FOR RETARDED CITIZENS/OUACHITA

Summary Status of Prior Year Findings For the Year Ended June 30, 2011

The following is a summary of the status of prior year findings and management letter comments included in the Luffey, Huffman, Ragsdale & Soignier (APAC) audit report dated October 25, 2010 in connection with the audit of the financial statements of the Association of Retarded Citizens / Ouachita for the year ended June 30, 2010.

10-01 General Ledger Accounting

Recommendation

It was recommended that internal control design and implementation be conducted by an individual possessing the level of education and skill required to understand a complex fund accounting system and be qualified to review and reconcile accounts on a minimum of a monthly basis. Proper support for all transactions and journal entries should be approved by appropriate supervisory personnel, fully documented, and filed in an organized manner in order to provide a complete audit trail. Staff should be educated on proper accounting procedures and the importance of performing transactions accurately.

Status

In August, 2010, the Association filled the Business Director position with an individual who has experience with not-for-profit and fund accounting. She reviews the general ledger activity and reconciles accounts on a monthly basis. Entries into the system are coded to provide a record of who prepared the entry and all entries are reviewed by the Business Director monthly. Documentation is kept and filed in an organized manner. Staff receive training on any new and/or changed process and receive feedback regularly on their performance to improve the use of proper accounting procedures and recording accuracy.

Management Letter Finding

Recommendation

It was recommended that management update the existing documentation of internal control and expand their documentation of the internal control over financial reporting as might be required using the COSO framework or such other framework as might prove useful in order that they may more easily discharge their responsibility to design and implement controls and monitor those controls for effectiveness over time.

ASSOCIATION FOR RETARDED CITIZENS/OUACHITA

**Summary Status of Prior Year Findings
For the Year Ended June 30, 2011**

Status

Management has researched the COSO framework to understand its requirements for internal control. The Business Director is learning the day-to-day operations of the Association and the standards of its regulatory bodies to be able to design and implement an internal control system which operates effectively and efficiently within the size and financial constraints of the Association. Although many elements of internal control exist in policy and practice, these still need to be updated in the Association's Policy and Procedure Manual.

LUFFEY, HUFFMAN, RAGSDALE & SOIGNIER

(A PROFESSIONAL ACCOUNTING CORPORATION)
CERTIFIED PUBLIC ACCOUNTANTS

John L. Luffey, MBA, CPA (1963-2002)
Francis I. Huffman, CPA
Phillip A. Ragsdale, CPA
David Ray Soignier, CPA, MBA

John Herman, CPA
Lynn Andries, CPA
Esther Atteberry, CPA
Sandra Harrington, CPA
Lori Woodard, MBA, CPA

MANAGEMENT LETTER

**The Board of Directors
Association for Retarded Citizens / Ouachita
Monroe, Louisiana**

In planning and performing our audit of the financial statements of the Association for Retarded Citizens/Ouachita (the Association) for the year ended June 30, 2011, we considered the Association's internal control over financial reporting as a basis for designing our auditing procedures 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 Association's internal control over financial reporting or overall compliance with laws and regulations.

However, during our audit we became aware of a certain matter that is an opportunity for strengthening internal controls, operating efficiency and the overall environment for compliance with laws and regulations. This letter will summarize our comments and suggestions regarding that matter. This letter does not affect our report dated November 30, 2011 on the financial statements of the Association.

Current Documentation of Internal Control

Management of the Association is charged with establishing and maintaining internal control and to assess internal control for effectiveness in design and operation. Those components are outlined in the Committee of Sponsoring Organizations of the Treadway Commission Report (commonly referred to as the COSO Report, or COSO) and consist of the Control Environment; Risk Assessment; Control Activities; Information and Communication; and Monitoring. While certain elements of the components of internal control exist and have been documented by the Association, the documentation has not been kept up-to-date for changes in personnel, processes and/or circumstances.

For management and those charged with governance to properly discharge their responsibility to establish and maintain internal control, there must exist a level of documentation of internal control sufficient to allow them to assess operating effectiveness and design, not just at a point in time, but over a period of time. As personnel, processes and/or circumstances change, the documentation of internal control should be updated to reflect the current operating environment.

**The Association for Retarded Citizens / Ouachita
Monroe, Louisiana
Management Letter
Page 2 of 2**

We recommend that management update the existing documentation of internal control and expand their documentation of the internal control over financial reporting as might be required using the COSO framework or such other framework as might prove useful in order that they may more easily discharge their responsibility to design and implement controls and monitor those controls for effectiveness over time.

Management's Corrective Action Plan:

Agency Management is aware of the need to maintain a current Internal Control Document as well as Policy and Procedure Manuals. Agency management is in agreement that these tools will be updated.

In addition, management will research the COSO report requirements in regard to the areas of Control Environment, Risk Assessment, Information and Communication, Monitoring, and Control Activities. A cost/benefit analysis will be presented to the agency Finance Committee/Board of Directors to determine the extent such an undertaking of developing a framework will be effective for the agency. A determination or plan to develop a framework (or pieces of a framework) will be made by the Board of Directors.

Huffey, Huffman, Roydale, & Squires

(A Professional Accounting Corporation)

November 30, 2011