

**NATCHITOCHESS ASSOCIATION FOR
RETARDED CITIZENS, INC.
ADULT HABILITATION PROGRAM AND
SHELTERED WORKSHOP**

ANNUAL FINANCIAL REPORT

JUNE 30, 2012

Natchitoches Association for Retarded Citizens, Inc.
 Adult Habilitation Program and Sheltered Workshop
 Annual Financial Report
 June 30, 2012

TABLE OF CONTENTS

	<u>Exhibit</u>	<u>Page</u>
Independent Auditor's Report	---	1-2
<u>Financial Statements</u>		
Combined Statement of Financial Position	A	4
Combined Statement of Activities	B	5
Combined Statement of Cash Flows	C	6
Combined Statement of Functional Expenses	D	7
Notes to Financial Statements	---	9-14
<u>Supplementary Information</u>		
Adult Habilitation Program:		
Statement of Financial Position with Comparative Amounts as of June 30, 2011	E	16
Statement of Activities with Comparative Amounts from Year Ended June 30, 2011	F	17
Statement of Cash Flows with Comparative Amounts from Year Ended June 30, 2011	G	18
Statement of Functional Expenses	H	19
Sheltered Workshop:		
Statement of Financial Position with Comparative Amounts as of June 30, 2011	I	20
Statement of Activities with Comparative Amounts from Year Ended June 30, 2011	J	21
Statement of Cash Flows with Comparative Amounts from Year Ended June 30, 2011	K	22

Natchitoches Association for Retarded Citizens, Inc.
Adult Habilitation Program and Sheltered Workshop
Annual Financial Report
June 30, 2012

TABLE OF CONTENTS
(cont'd)

	<u>Exhibit</u>	<u>Page</u>
Statement of Functional Expenses	L	23
<u>Internal Control and Compliance</u>		
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	M	25-26
Board of Directors	N	27

Johnson, Thomas & Cunningham

Certified Public Accountants

Eddie G. Johnson, CPA – A Professional Corporation (1927-1996)

Mark D. Thomas, CPA – A Professional Corporation
Roger M. Cunningham, CPA – A Professional Corporation
Jessica H. Broadway, CPA – A Professional Corporation
Ryan E. Todtenbier, CPA – A Professional Corporation

321 Bienville Street
Natchitoches, Louisiana 71457
(318) 352-3652
Fax (318) 352-4447

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Natchitoches Association for Retarded Citizens, Inc.
Natchitoches, LA 71457

We have audited the accompanying statement of financial position of the Natchitoches Association for Retarded Citizens, Inc. (a nonprofit organization) as of June 30, 2012, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Natchitoches Association for Retarded Citizens, Inc.'s management. 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 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 the 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 Natchitoches Association for Retarded Citizens, Inc. as of June 30, 2012, and the changes in its net assets and its cash flows for the year 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 October 8, 2012, on our consideration of the Association's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Association taken as a whole. The accompanying financial information listed as “Supplementary Information” in the table of contents, is presented for purposes of additional analysis and is not a required part of the 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 basic financial statements taken as a whole. Information from the preceding year is reported on certain financial statements within this report. This information was taken from our report dated November 18, 2011, in which we expressed an unqualified opinion on the Association’s statement of financial position.

Johnson, Thomas & Cunningham, CPA's
Johnson, Thomas & Cunningham, CPA's

October 8, 2012
Natchitoches, Louisiana

FINANCIAL STATEMENTS

Natchitoches Association for Retarded Citizens, Inc.
Adult Habilitation Program and Sheltered Workshop
Combined Statement of Financial Position
June 30, 2012

ASSETS:	
Cash	\$39,327
Revenue Receivable	20,124
Plant and Equipment, Net of Accumulated Depreciation of \$114,320	<u>15,974</u>
Total Assets	<u>\$75,425</u>
LIABILITIES:	
Accounts Payable	\$ 2,342
Payroll Taxes Payable	<u>532</u>
Total Liabilities	<u>\$ 2,874</u>
NET ASSETS:	
Unrestricted	\$60,844
Temporarily Restricted	<u>11,707</u>
Total Net Assets	<u>\$72,551</u>
Total Liabilities & Net Assets	<u>\$75,425</u>

The accompanying notes are an integral part of this statement.

Natchitoches Association for Retarded Citizens, Inc.
Adult Habilitation Program and Sheltered Workshop
Combined Statement of Activities
Year Ended June 30, 2012

UNRESTRICTED NET ASSETS:

Support-	
Fees-	
Medicaid	\$212,536
State of Louisiana, Department of Health and Hospitals, Office for Citizens with Developmental Disabilities	4,228
Contract Work	39,739
Soft Drink Sales	2,396
Interest	102
Other	2,216
Contributed Capital-	
Net Assets Released from Restrictions-	
Federal Transit Administration Section 5310 Depreciation On Restricted Vans	<u>4,133</u>
Total Revenues, Gains, and Other Support	<u>\$265,350</u>
Expenses-	
Program Services	\$193,941
Management and General	<u>60,647</u>
Total Expenses	<u>\$254,588</u>
Increase in Unrestricted Net Assets	<u>\$ 10,762</u>
TEMPORARILY RESTRICTED NET ASSETS:	
Federal Transit Administration Sec 5310-	
Current Year Depreciation	<u>\$ (4,133)</u>
Decrease in Temporarily Restricted Net Assets	<u>\$ (4,133)</u>
Increase in Net Assets	\$ 6,629
Net Assets-Beginning of Year	<u>65,922</u>
Net Assets-End of Year	<u>\$ 72,551</u>

The accompanying notes are an integral part of this statement.

Natchitoches Association for Retarded Citizens, Inc.
Adult Habilitation Program and Sheltered Workshop
Combined Statement of Cash Flows
Year Ended June 30, 2012

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in Net Assets	\$ 6,629
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used In) Operating Activities-	
Depreciation	6,288
(Increase)/Decrease in Receivables	(10,105)
Increase/(Decrease) in Accounts Payable	291
Increase/(Decrease) in Payroll and Payroll Taxes Payable	<u>(164)</u>
Net Cash from Operating Activities	\$ 2,939
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:	
Purchase of Assets	<u>(139)</u>
Net Increase in Cash	\$ 2,800
Cash-Beginning of Year	<u>36,527</u>
Cash-End of Year	<u>\$39,327</u>

The accompanying notes are an integral part of this statement.

Natchitoches Association for Retarded Citizens, Inc.
Adult Habilitation Program and Sheltered Workshop
Combined Statement of Functional Expenses
Year Ended June 30, 2012

	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
COMPENSATION AND RELATED EXPENSES:			
Officers' Salaries	\$ 0	\$27,662	\$ 27,662
Client Salaries	14,771	0	14,771
Other Salaries	83,727	17,421	101,148
Payroll Taxes/Related Expenses	8,612	5,054	13,666
Workman's Compensation Insurance	<u>2,196</u>	<u>1,183</u>	<u>3,379</u>
Total Compensation and Related Expenses	<u>\$109,306</u>	<u>\$51,320</u>	<u>\$160,626</u>
OCCUPANCY EXPENSES:			
Rent	\$ 17,604	\$ 0	\$ 17,604
Repairs and Maintenance	8,046	0	8,046
Utilities	<u>7,916</u>	<u>0</u>	<u>7,916</u>
Total Occupancy Expenses	<u>\$ 33,566</u>	<u>\$ 0</u>	<u>\$ 33,566</u>
TRANSPORTATION EXPENSES:			
Fuel & Oil, Repairs & Maintenance	<u>\$ 19,563</u>	<u>\$ 0</u>	<u>\$ 19,563</u>
OTHER EXPENSES:			
Audit	\$ 5,850	\$ 0	\$ 5,850
Depreciation	4,087	2,201	6,288
Food	1,070	0	1,070
Insurance	4,039	2,175	6,214
Recreation	464	0	464
Postage	150	90	240
Repairs and Maintenance-			
Buildings & Grounds	8,222	26	8,248
Soft Drinks	2,492	0	2,492
Office Supplies	565	311	876
Telephone/Utilities	3,096	361	3,457
Other	<u>1,471</u>	<u>4,163</u>	<u>5,635</u>
Total Other Expenses	<u>\$ 31,506</u>	<u>\$ 9,327</u>	<u>\$ 40,833</u>
Total Functional Expenses	<u>\$193,941</u>	<u>\$60,647</u>	<u>\$254,588</u>

The accompanying notes are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

Natchitoches Association for Retarded Citizens, Inc.
Adult Habilitation Program and Sheltered Workshop
Notes to Financial Statements
June 30, 2012

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity:

The Natchitoches Association for Retarded Citizens, Inc., is a quasi-governmental, nonprofit organization incorporated March 31, 1981, whose purpose is to promote the general welfare of the mentally retarded, to encourage research related to mental retardation, to advise and aid parents in the solution of their problems, to develop a better understanding by the public of the problems of mental retardation, to cooperate with all agencies and professional groups in the furtherance of these ends, to associate with and support financially the State and National Associations to promote the common cause, to serve locally as a clearinghouse for gathering and providing information regarding the mentally retarded, and to solicit and receive funds for the accomplishment of the stated purposes.

The Association's Adult Habilitation Program and Sheltered Workshop have adopted Statement of Financial Accounting Standards Board ASC 958, the Association's Adult Habilitation Program and Sheltered Workshop are 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. In addition, the Association's Adult Habilitation Program and Sheltered Workshop are required to present a statement of cash flows.

The Association operates two separate divisions. One, the Adult Habilitation Program receives funding for one individual from the State of Louisiana, Department of Health and Hospitals, Office for Citizens with Developmental Disabilities and from Medicaid to provide adult day services for a maximum of 52 clients. The other division is the Natchitoches Sheltered Workshop. The Natchitoches Sheltered Workshop is totally self-supportive. Income to the Sheltered Workshop consists solely of revenues earned through contracts with private individuals and companies for the provision of services performed by the clients of the Workshop. No federal financial assistance of any type is received by the Natchitoches Sheltered Workshop.

B. Promises to Give:

Contributions are recognized when a donor makes a promise to give to the Association's Adult Habilitation Program and Sheltered Workshop that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are reported or as increases in temporary or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Natchitoches Association for Retarded Citizens, Inc.
Adult Habilitation Program and Sheltered Workshop
Notes to Financial Statements
June 30, 2012

C. Estimates:

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

D. Property, Plant, and Equipment:

Donations of property, plant, and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support 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 support. When donor stipulations are absent regarding how long those donated assets must be maintained, the Association's Adult Habilitation Program and Sheltered Workshop report expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Association's Adult Habilitation Program and Sheltered Workshop reclassify temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method.

E. Contributions:

The Association's Adult Habilitation Program and Sheltered Workshop have elected to adopt FASB 958-605, "Not for Profit Entities – Revenue Recognition". Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

F. Income Taxes:

The Natchitoches Association for Retarded Citizens, Inc.'s Adult Habilitation Program and Sheltered Workshop are exempt from income taxes under Internal Revenue Code Section 501(c)(3).

G. Cash and Cash Equivalents:

Cash and cash equivalents include all monies in banks and highly liquid investments with maturity dates of less than three months. At June 30, 2012, the Association had no investments.

Natchitoches Association for Retarded Citizens, Inc.
 Adult Habilitation Program and Sheltered Workshop
 Notes to Financial Statements
 June 30, 2012

NOTE 2 RESTRICTIONS ON ASSETS

Restrictions on assets at June 30, 2012, relate to a van obtained by the Association through Section 5310 of the Federal Transit Act which provides for capital grants for the specific purpose of assistance in providing transportation services to meet the special needs of elderly and disabled persons for whom mass transportation services are unavailable, insufficient, or inappropriate. The program is administered by the Louisiana Department of Transportation and Development. The vans obtained with these funds must be used for transportation services to the elderly and disabled within the Association's service area. The Department of Transportation and Development must be immediately notified if the equipment is not used in the aforementioned manner or if it is withdrawn from service. Disposition of the vehicle must have DOTD approval and must be in conformance with the provisions of OMB Circular A-112, Attachment N. Dispositions must be at current market value and a portion of the funds received must be returned in proportion to the original percentage of Federal funds contributed.

It is the policy of the Association's Adult Habilitation Program to amortize the asset restricted over its estimated useful life using the straight-line method. Temporarily restricted assets at year end were \$11,707.

NOTE 3 CASH

Cash is summarized as follows:

Petty Cash	\$ 200
Demand Deposit Accounts	26,613
Interest Bearing Accounts	<u>12,514</u>
Total	<u>\$39,327</u>

At June 30, 2012, the carrying amount of the Association's cash deposits was \$39,127 and the bank's balance was \$47,749. This bank deposit balance was fully covered by FDIC Insurance.

NOTE 4 PLANT AND EQUIPMENT

All plant and equipment are stated at historical cost. Depreciation is charged as an expense against operations and has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Furniture and Fixtures	5-7 years
Automobiles	5 years
Machinery and Equipment	5-7 years

Natchitoches Association for Retarded Citizens, Inc.
 Adult Habilitation Program and Sheltered Workshop
 Notes to Financial Statements
 June 30, 2012

A summary of plant and equipment at June 30, 2012, is presented below:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net</u>	<u>Depreciation This Year</u>
Furniture & Fixtures	\$ 53,576	\$ 52,296	\$ 1,280	\$ 945
Automobiles	70,497	55,803	14,694	5,343
Building & Equipment	<u>6,221</u>	<u>6,221</u>	<u>0</u>	<u>0</u>
Total	<u>\$130,294</u>	<u>\$114,320</u>	<u>\$15,974</u>	<u>\$6,288</u>

Maintenance and repairs are charged to operations when incurred. Betterments and renewals are capitalized. When plant and equipment are sold or otherwise disposed of, the asset account and related accumulated depreciation account are relieved, and any gain or loss is included in activities.

NOTE 5 LEASE OBLIGATIONS

The Natchitoches Association for Retarded Citizens, Inc.'s Adult Habilitation Program and Sheltered Workshop rents its premises under an operating lease. The lease is for a one-year term ending on June 30, 2012, with an option for a one-year renewal.

Future minimum rental payments under this operating lease are \$18,000 for the fiscal year ending June 30, 2013.

The Natchitoches Association for Retarded Citizens, Inc.'s Adult Habilitation Program and Sheltered Workshop are not participating in any capital lease arrangements.

NOTE 6 EMPLOYEE RETIREMENT SYSTEMS

The Natchitoches Association for Retarded Citizens, Inc. does not have or sponsor an employee retirement plan. All employees of the Association's Adult Habilitation Program and Sheltered Workshop are covered by the Social Security System.

NOTE 7 COMPENSATED ABSENCES

The Association's Adult Habilitation Program and Sheltered Workshop employees are entitled to certain compensated absences based on their length of employment. Each salaried employee accrues leave according to the State Civil Service guidelines, based on length of service as follows:

Natchitoches Association for Retarded Citizens, Inc.
 Adult Habilitation Program and Sheltered Workshop
 Notes to Financial Statements
 June 30, 2012

<u>Full-Time Employment</u>	<u>Days Earned Per Year</u>
0-3 Years	12
3-5 Years	15
5-11 Years	18
10-15 Years	21
More Than 15 Years	24

These are considered personal leave days and may be used for any purpose the employee desires. No distinction is made between annual and sick leave. Leave earned in one fiscal year cannot be carried over to a subsequent year. Employees are also entitled to compensatory time on an hour-for-hour basis for approved overtime. Compensatory time not used in the fiscal period that it is earned cannot be carried over to the next fiscal year and will be forfeited.

Compensated absences do not vest or accumulate and are recorded as expenditures when they are paid.

NOTE 8 LITIGATION

According to management, the Natchitoches Association for Retarded Citizens, Inc.'s Adult Habilitation Program and Sheltered Workshop were not involved in any litigation as of June 30, 2012.

NOTE 9 ECONOMIC DEPENDENCY

The Natchitoches Association for Retarded Citizens, Inc. receives the majority of its funding through the "waiver" program. Each client, up to a maximum of 52, must submit a request for services to be provided. Each month a bill is submitted that shows level of service, hours attended, by name for reimbursement. Reimbursement amounts vary by individual based on level of service provided. Any changes in the formula used to determine reimbursement based on level of service would effect the operations of the Association. Management is not aware of any actions that would reduce the amount of reimbursement for the next fiscal year.

NOTE 10 BOARD OF DIRECTORS

Members of the Board of Directors participate on a voluntary basis and receive no compensation for their services.

NOTE 11 RELATED PARTIES

There were no identified related party transactions.

Natchitoches Association for Retarded Citizens, Inc.
Adult Habilitation Program and Sheltered Workshop
Notes to Financial Statements
June 30, 2012

NOTE 12 SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 8, 2012, the date which the financial statements were available for issue.

SUPPLEMENTARY INFORMATION

Natchitoches Association for Retarded Citizens, Inc.
Adult Habilitation Program and Sheltered Workshop
Adult Habilitation Program
Statement of Financial Position
June 30, 2012
With Comparative Amounts as of June 30, 2011

	<u>2012</u>	<u>2011</u>
ASSETS:		
Cash	\$26,663	\$28,251
Revenue Receivable- Medicaid	19,704	10,019
OCDD	420	0
Plant and Equipment, Net of Accumulated Depreciation for 2012 and 2011 of \$88,132 and \$82,498, respectively	<u>15,225</u>	<u>20,814</u>
Total Assets	<u>\$62,012</u>	<u>\$59,084</u>
LIABILITIES:		
Accounts Payable	\$ 1,676	\$ 1,499
Payroll Taxes Payable	<u>527</u>	<u>662</u>
Total Liabilities	<u>\$ 2,203</u>	<u>\$ 2,161</u>
NET ASSETS:		
Unrestricted	\$48,102	\$41,083
Temporarily Restricted	<u>11,707</u>	<u>15,840</u>
Total Net Assets	<u>\$59,809</u>	<u>\$56,923</u>
Total Liabilities & Net Assets	<u>\$62,012</u>	<u>\$59,084</u>

See accountant's report on supplementary information.

Natchitoches Association for Retarded Citizens, Inc.
Adult Habilitation Program and Sheltered Workshop
Adult Habilitation Program
Statement of Activities
Year Ended June 30, 2012
With Comparative Amounts from Year Ended June 30, 2011

	<u>2012</u>	<u>2011</u>
UNRESTRICTED NET ASSETS:		
Support-		
Fees-		
Medicaid	\$212,536	\$222,799
State of Louisiana, Department of Health and Hospitals, Office for Citizens with Developmental Disabilities	4,228	3,640
Interest	102	91
Other	2,216	336
Contributed Capital-		
Net Assets Released from Restrictions-		
Federal Transit Administration Section 5310 Depreciation on Restricted Vans	<u>4,133</u>	<u>4,133</u>
Total Revenues, Gains, and Other Support	<u>\$223,215</u>	<u>\$230,999</u>
Expenses-		
Program Services	\$161,949	\$157,795
Management and General	<u>54,247</u>	<u>55,397</u>
Total Expenditures	<u>\$216,196</u>	<u>\$213,192</u>
Increase in Unrestricted Net Assets	<u>\$ 7,019</u>	<u>\$ 17,807</u>
TEMPORARILY RESTRICTED NET ASSETS:		
Federal Transit Administration Sec 5310 Current Year Depreciation	<u>\$ (4,133)</u>	<u>\$ (4,133)</u>
Decrease in Temporarily Restricted Net Assets	<u>\$ (4,133)</u>	<u>\$ (4,133)</u>
Increase (Decrease) in Net Assets	<u>\$ 2,886</u>	<u>\$ 13,674</u>
Net Assets-Beginning of Year	<u>56,923</u>	<u>43,249</u>
Net Assets-End of Year	<u>\$59,809</u>	<u>\$ 56,923</u>

See accountant's report on supplementary information.

Natchitoches Association for Retarded Citizens, Inc.
Adult Habilitation Program and Sheltered Workshop
Adult Habilitation Program
Statement of Cash Flows
Year Ended June 30, 2012
With Comparative Amounts from Year Ended June 30, 2011

	<u>2012</u>	<u>2011</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ 2,886	\$13,674
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used In) Operating Activities-		
Depreciation	5,589	5,592
(Increase)/Decrease in Receivables	(10,105)	(1,096)
Increase/(Decrease) in Accounts Payable	177	630
Increase/(Decrease) in Payroll Taxes Payable	<u>(135)</u>	<u>(70)</u>
Net Cash from Operating Activities	\$ <u>(1,588)</u>	\$18,730
Net Increase (Decrease) in Cash	\$ (1,588)	\$18,730
Cash-Beginning of Year	<u>28,251</u>	<u>9,521</u>
Cash-End of Year	\$ <u>26,663</u>	\$28,251

See accountant's report on supplementary information.

Natchitoches Association for Retarded Citizens, Inc.
Adult Habilitation Program and Sheltered Workshop
Adult Habilitation Program
Statement of Functional Expenses
Year Ended June 30, 2012

	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
COMPENSATION AND RELATED EXPENSES:			
Officers' Salaries	\$ 0	\$27,662	\$ 27,662
Other Salaries	79,958	15,392	95,350
Payroll Taxes/Related Expenses	8,533	4,594	13,127
Workman's Compensation Insurance	<u>2,196</u>	<u>1,183</u>	<u>3,379</u>
Total Compensation and Related Expenses	<u>\$ 90,687</u>	<u>\$48,831</u>	<u>\$139,518</u>
OCCUPANCY EXPENSES:			
Rent	\$ 17,604	\$ 0	\$ 17,604
Repairs and Maintenance	8,046	0	8,046
Utilities	<u>7,916</u>	<u>0</u>	<u>7,916</u>
Total Occupancy Expenses	<u>\$ 33,566</u>	<u>\$ 0</u>	<u>\$ 33,566</u>
TRANSPORTATION EXPENSES:			
Fuel & Oil, Repairs & Maintenance	\$ 19,563	\$ 0	\$ 19,563
OTHER EXPENSES:			
Audit	\$ 5,850	\$ 0	\$ 5,850
Depreciation	3,633	1,956	5,589
Postage	150	0	150
Insurance	4,039	2,175	6,214
Office Supplies	565	0	565
Telephone	2,425	0	2,425
Other	<u>1,471</u>	<u>1,285</u>	<u>2,756</u>
Total Other Expenses	<u>\$ 18,133</u>	<u>\$ 5,416</u>	<u>\$ 23,549</u>
Total Functional Expenses	<u>\$161,949</u>	<u>\$54,247</u>	<u>\$216,196</u>

See accountant's report on supplementary information.

Natchitoches Association for Retarded Citizens, Inc.
Adult Habilitation Program and Sheltered Workshop
Sheltered Workshop
Statement of Financial Position
June 30, 2012
With Comparative Amounts as of June 30, 2011

	<u>2012</u>	<u>2011</u>
ASSETS:		
Cash	\$12,664	\$8,278
Plant and Equipment, Net of Accumulated Depreciation for 2012 and 2011 of \$26,188 and \$25,489, respectively	<u>749</u>	<u>1,309</u>
Total Assets	<u>\$13,413</u>	<u>\$9,587</u>
LIABILITIES:		
Accounts Payable	\$ 666	\$ 554
Payroll Taxes Payable	<u>5</u>	<u>34</u>
Total Liabilities	\$ 671	\$ 588
NET ASSETS:		
Unrestricted	<u>12,742</u>	<u>8,999</u>
Total Liabilities and Net Assets	<u>\$13,413</u>	<u>\$9,587</u>

See accountant's report on supplementary information.

Natchitoches Association for Retarded Citizens, Inc.
Adult Habilitation Program and Sheltered Workshop
Sheltered Workshop
Statement of Activities
Year Ended June 30, 2012
With Comparative Amounts from Year Ended June 30, 2011

	<u>2012</u>	<u>2011</u>
UNRESTRICTED NET ASSETS:		
Support-		
Contract Work	\$39,739	\$45,397
Soft Drink Sales	<u>2,396</u>	<u>3,196</u>
Total Revenues, Gains, and Other Support	<u>\$42,135</u>	<u>\$48,593</u>
Expenses-		
Program Services	\$31,992	\$40,624
Management and General	<u>6,400</u>	<u>8,427</u>
Total Expenses	<u>\$38,392</u>	<u>\$49,051</u>
Increase in Net Assets	\$ 3,743	\$ (458)
Net Assets-Beginning of Year	<u>8,999</u>	<u>9,457</u>
Net Assets-End of Year	<u>\$12,742</u>	<u>\$ 8,999</u>

See accountant's report on supplementary information.

Natchitoches Association for Retarded Citizens, Inc.
Adult Habilitation Program and Sheltered Workshop
Sheltered Workshop
Statement of Cash Flows
Year Ended June 30, 2012
With Comparative Amounts from Year Ended June 30, 2011

	<u>2012</u>	<u>2011</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ 3,743	\$ (458)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities-		
Depreciation	699	1,109
Increase/(Decrease) in Accounts Payable	114	(102)
Increase/(Decrease) in Payroll Taxes Payable	<u>(29)</u>	<u>(18)</u>
Net Cash from Operating Activities	\$ <u>4,527</u>	\$ <u>531</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:		
Purchase of Assets	\$ <u>(139)</u>	\$ <u>(320)</u>
Net Increase in Cash	\$ 4,388	\$ 211
Cash-Beginning of Year	<u>8,276</u>	<u>8,067</u>
Cash-End of Year	<u>\$12,664</u>	<u>\$8,278</u>

See accountant's report on supplementary information.

Natchitoches Association for Retarded Citizens, Inc.
Adult Habilitation Program and Sheltered Workshop
Sheltered Workshop
Statement of Functional Expenses
Year Ended June 30, 2012

	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
COMPENSATION AND RELATED EXPENSES:			
Client Salaries	\$14,771	\$ 0	\$14,771
Other Salaries	3,769	2,029	5,798
Payroll Taxes/Related Expenses	<u>79</u>	<u>460</u>	<u>539</u>
Total Compensation and Related Expenses	<u>\$18,619</u>	<u>\$2,489</u>	<u>\$21,108</u>
OTHER EXPENSES:			
Depreciation	\$ 454	\$ 245	\$ 699
Food	1,070	0	1,070
Telephone & Utilities	671	361	1,032
Postage	0	90	90
Repairs and Maintenance-			
Building and Grounds	8,222	26	8,248
Office Supplies	0	311	311
Soft Drinks	2,492	0	2,492
Recreation	464	0	464
Other	<u>0</u>	<u>2,878</u>	<u>2,878</u>
Total Other Expenses	<u>\$13,373</u>	<u>\$3,911</u>	<u>\$17,284</u>
Total Functional Expenses	<u>\$31,992</u>	<u>\$6,400</u>	<u>\$38,392</u>

See accountant's report on supplementary information.

INTERNAL CONTROL AND COMPLIANCE

Johnson, Thomas & Cunningham

Certified Public Accountants

Eddie G. Johnson, CPA – A Professional Corporation (1927-1996)

Mark D. Thomas, CPA – A Professional Corporation
Roger M. Cunningham, CPA – A Professional Corporation
Jessica H. Broadway, CPA – A Professional Corporation
Ryan E. Todtenbier, CPA – A Professional Corporation

321 Bienville Street
Natchitoches, Louisiana 71457
(318) 352-3652
Fax (318) 352-4447

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*

To the Board of Directors of
Natchitoches Association for Retarded Citizens, Inc.
Natchitoches, LA 71457

We have audited the financial statements of Natchitoches Association for Retarded Citizens, Inc. (a nonprofit organization) as of and for the year ended June 30, 2012, and have issued our report thereon dated October 8, 2012. 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

Management of Natchitoches Association for Retarded Citizens, Inc. is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Natchitoches Association for Retarded Citizens, Inc.'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 Natchitoches Association for Retarded Citizens, Inc.'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 internal control over financial reporting was for the limited purpose described in the first paragraph 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Natchitoches 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*.

This report is intended solely for the information and use of management, the Board of Directors, Louisiana Legislative Auditor, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Johnson, Thomas & Cunningham, CPA's
Johnson, Thomas & Cunningham, CPA's

October 8, 2012
Natchitoches, Louisiana

Natchitoches Association for Retarded Citizens, Inc.
Adult Habilitation Program and Sheltered Workshop
Board of Directors
June 30, 2012

President	Patricia Roshto
Vice-President	Idell W. Snowden
Secretary/Treasurer	Wayne King
Board Member	David Kees
Board Member	Herbert V. Baptiste, Sr.
Director	Laura Redmon