

BEAUREGARD ASSOCIATION FOR RETARDED CITIZENS, INC.  
DERIDDER, LOUISIANA

FINANCIAL STATEMENTS  
JUNE 30, 2014

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# John A. Windham, CPA

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John A. Windham, CPA  
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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Beauregard Association for Retarded Citizens, Inc.  
DeRidder, Louisiana

### ***Report on the Financial Statements***

I have audited the accompanying financial statements of Beauregard Association for Retarded Citizens, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2014, and the related statements of activities, functional expenses, 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***

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my 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 I 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 an entity's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

***Opinion***

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Beauregard Association for Retarded Citizens, Inc. as of June 30, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, I have also issued my report dated December 23, 2014, on my consideration of Beauregard Association for Retarded Citizens, Inc.'s internal control over financial reporting and on my 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 my 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* in considering Beauregard Association for Retarded Citizens, Inc.'s internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "John A. Windham, CPA". The signature is written in a cursive style.

DeRidder, Louisiana  
December 23, 2014

**FINANCIAL STATEMENTS**

Statement of Financial Position  
June 30, 2014

ASSETS

Current Assets:

Cash and cash equivalents	\$ 116,320
Accounts receivable:	
Accounts	5,243
Private pay	20,035
Medicaid	10,085
Total current assets	<u>\$ 151,683</u>

Noncurrent Assets:

Restricted assets - building and parking lot	\$ 63,450
Capital assets not being depreciated	28,800
Capital assets being depreciated, net	708,377
Total noncurrent assets	<u>\$ 800,627</u>

Total assets	<u><u>\$ 952,310</u></u>
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LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts payable	\$ 6,626
Salaries payable	11,930
Current portion of note payable	4,151
Payroll taxes payable	2,575
Total current liabilities	<u>\$ 25,282</u>

Noncurrent Liabilities:

Note payable	<u>\$ 2,263</u>
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Total liabilities	<u>\$ 27,545</u>
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Net Assets:

Permanently restricted	\$ 63,450
Temporarily restricted	10,085
Unrestricted	851,230
Total net assets	<u>\$ 924,765</u>

Total liabilities and net assets	<u><u>\$ 952,310</u></u>
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The accompanying notes are an integral part of this statement.

Statement of Activities  
For the Year Ended June 30, 2014

<u>SUPPORT AND REVENUE</u>	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>SUPPORT</u>				
Grants				
Private:				
United Way	\$ 37,993	\$ -	\$ -	\$ 37,993
Total grants	<u>\$ 37,993</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,993</u>
Contributions	\$ 241,770	\$ -	\$ -	\$ 241,770
Fundraiser	5,639	-	-	5,639
	<u>\$ 285,402</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 285,402</u>
<u>REVENUE</u>				
Program revenue:				
Private pay	\$ 227,271	\$ -	\$ -	\$ 227,271
Medicaid waiver	-	-	160,195	160,195
Program income	107,420	-	-	107,420
Interest income	60	-	-	60
Miscellaneous	300	-	-	300
Sale of assets	650	-	-	650
Restrictions satisfied by payments	158,772	-	(158,772)	-
	<u>\$ 494,473</u>	<u>\$ -</u>	<u>\$ 1,423</u>	<u>\$ 495,896</u>
Total revenue	<u>\$ 494,473</u>	<u>\$ -</u>	<u>\$ 1,423</u>	<u>\$ 495,896</u>
Total support and revenue	<u>\$ 779,875</u>	<u>\$ -</u>	<u>\$ 1,423</u>	<u>\$ 781,298</u>
<u>EXPENSES</u>				
Program services:				
DeRidder Retarded Citizens Organization	\$ 554,785	\$ 3,525	\$ -	\$ 558,310
Increase (decrease) in net assets	\$ 225,090	\$ (3,525)	\$ 1,423	\$ 222,988
Net assets, beginning of year	626,140	66,975	8,662	701,777
Net assets, end of year	<u>\$ 851,230</u>	<u>\$ 63,450</u>	<u>\$ 10,085</u>	<u>\$ 924,765</u>

The accompanying notes are an integral part of this statement.

Statement of Functional Expenses  
For the Year Ended June 30, 2014

	<u>Program Services</u>	<u>Supporting Services</u>	
	DeRidder Retarded Citizens Organization	General and Administrative	Total
Salaries and related benefits	\$ 300,431	\$ 33,180	\$ 333,611
Payroll taxes	22,943	2,538	25,481
Total salaries and related expenses	<u>\$ 323,374</u>	<u>\$ 35,718</u>	<u>\$ 359,092</u>
Auto expense	\$ 29,227	\$ -	\$ 29,227
Center supplies	28,154	984	29,138
Interest expense	175	-	175
Tax and license	1,812	-	1,812
Telephone	850	-	850
Professional services	8,905	-	8,905
Membership dues	3,089	-	3,089
Computer expense	2,239	-	2,239
Background checks	1,075	-	1,075
Postage	150	-	150
Advertising	326	-	326
Janitorial service	795	-	795
Maintenance	2,840	-	2,840
Security	1,027	-	1,027
Insurance	46,193	-	46,193
Training and conferences	2,350	-	2,350
Utilities	14,859	-	14,859
Total expenses before depreciation	<u>\$ 144,066</u>	<u>\$ 984</u>	<u>\$ 145,050</u>
Depreciation			
Purchased assets	\$ 43,093	\$ -	\$ 43,093
Donated assets	11,075	-	11,075
Total depreciation	<u>\$ 54,168</u>	<u>\$ -</u>	<u>\$ 54,168</u>
Total expenses	<u>\$ 521,608</u>	<u>\$ 36,702</u>	<u>\$ 558,310</u>

The accompanying notes are an integral part of this statement.

Statement of Cash Flows  
For the Year Ended June 30, 2014

Cash flows from operating activities:	
Cash received from grants and donations	\$ 53,263
Cash received from charges for services	505,390
Cash received from fundraising	5,639
Cash received from other sources	300
Cash received from investing	60
Cash payments for program activities	(151,376)
Cash payments to employees for services	(355,807)
Net cash provided by operating activities	<u>\$ 57,469</u>
Cash flows from capital and related financing activities:	
Principal paid on note	<u>\$ (6,692)</u>
Net cash used by capital and related financing activities	<u>\$ (6,692)</u>
Cash flows from investing activities:	
Purchase of fixed assets	\$ (4,994)
Sale of assets	650
Net cash used by investing activities	<u>\$ (4,344)</u>
Net increase (decrease) in cash and cash investments	\$ 46,433
Cash and cash equivalents, July 1, 2013	<u>69,887</u>
Cash and cash equivalents, June 30, 2014	<u>\$ 116,320</u>

(Continued)

The accompanying notes are an integral part of this statement.

Statement of Cash Flows  
For the Year Ended June 30, 2014

Reconciliation of net income (loss) from operations  
to net cash provided by operating activities:

Net income from operations	\$	222,988
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Adjustments to reconcile income (loss) from  
operations to net cash provided by  
operating activities:

Depreciation	\$	54,168
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Change in assets and liabilities:

Increase in salaries payable		5,852
Decrease in accounts receivable		10,504
Decrease in accounts payable		(6,325)
Decrease in payroll taxes payable		(2,568)
Increase in donated assets		(226,500)
Increase in asset sales		(650)
		(650)

Net cash provided by operating activities	\$	57,469
		(Concluded)

The accompanying notes are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

## **Introduction**

Beauregard Association for Retarded Citizens, Inc. is a Louisiana non-profit corporation that was formed November 11, 1967. This corporation is organized and it shall be operated exclusively for charitable, religious, and educational purposes, within the meaning of Section 501 (c) (3) of the Internal Revenue Code, or the corresponding section of any future federal tax code, including for purposes, to purchase, acquire, hold, use, manage, alienate or encumber property of any kind, necessary and proper to protect the best interest of retarded citizens. Beauregard Association of Retarded Citizens, Inc. supervises the daily operations of its retarded citizens, sponsors community events in an effort to educate the public, and is active with other community events and human service agencies, and host awareness events. The Organization is supported primarily from charges for services provided, private pay clients, individual donor's contributions, and the United Way. The Board of Directors consists of eight members that are appointed to the Board by the other members. Sixteen employees staff Beauregard Association for Retarded Citizens, Inc. with three clerical employees and the other thirteen employees handling the operations of the facility.

## **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies followed are described to enhance the usefulness of the financial statements to readers. The financial statements of Beauregard Association for Retarded Citizens, Inc. have been prepared on the accrual basis; therefore, certain revenues and the related assets are recognized when earned rather than when received and certain expenses are recognized when the obligation is incurred rather than when paid. These policies have been consistently applied in the preparation of the financial statements. The corporation has no capital stock.

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

The financial statements are presented in accordance with Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations, which requires the Organization 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 organization is required to present a statement of cash flows.

### **B. Cash and Cash Equivalents**

The Organization's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition and are reported in the statement of cash flows.

### **C. Capital Assets**

Capital assets, which include property, plant, and equipment, are reported in the financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. 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 Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. Beauregard Association for Retarded Citizens, Inc. maintains a threshold level of \$1,000 or more for capitalizing capital assets.

Beauregard Association for Retarded Citizens, Inc.

Notes to the Financial Statements (Continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed. There was no interest expense on construction incurred during the current fiscal year.

Capital assets are depreciated using the straight-line method with the following estimated lives.

<u>Description</u>	<u>Estimated Lives</u>
Buildings	40-50 years
Furniture and fixtures	5-10 years
Equipment	5-10 years
Vehicles	3-5 years

**D. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events within the control of Beauregard Association for Retarded Citizens, Inc., which are either unusual in nature or infrequent in occurrence.

**E. Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require 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.

**F. Income Taxes**

The Organization is qualified as an exempt Organization under Section 501 (c) (3) of the Internal Revenue Code and is not subject to federal income tax. In addition, the Organization qualifies for the charitable contribution deduction under section 170(b) (1) (A) of the Internal Revenue code and has been determined by the Internal Revenue Service not to be a private foundation within Section 509 (a) of the Code.

**G. Donated Facilities, Materials and Services**

Donated materials, equipment, and use of facilities (if any) are reflected as contributions or fundraising support in the accompanying statements at their estimated values at the date of receipt. Donated services (if any) are recognized as contributions in accordance with SFAS No. 116, Accounting for Contributions Received and Contributions Made, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills and would otherwise be purchased by the organization. Volunteers also provided services throughout the year that are not recognized as contributions in the financial statements since the criteria for SFAS No. 116 are not met.

**H. Subsequent Events**

The accounting records of the Organization were reviewed subsequent to year end and through the date the auditor's report was issued for subsequent events that could materially affect the financial statements. No subsequent events were found during this period that would materially affect the financial statements.

Beauregard Association for Retarded Citizens, Inc.

Notes to the Financial Statements (Continued)

**2. CASH AND CASH EQUIVALENTS**

At June 30, 2014, the Organization has cash and cash equivalents (book balances) totaling \$116,320 as follows:

Interest bearing demand deposits	\$ 115,427
Demand deposits	893
Total	<u>\$ 116,320</u>

At June 30, 2014, the organization has \$124,316 in deposits (collected bank balances). These deposits are secured from risk by \$124,316 of federal deposit insurance.

**3. RECEIVABLES**

The following is a summary of receivables for June 30, 2014:

<u>Class of Receivable</u>	
Accounts	\$ 5,243
Private pay	20,035
Medicaid	10,085
Total	<u>\$ 35,363</u>

**4. CAPITAL ASSETS**

Capital assets and depreciation activity as of and for the year ended June 30, 2014, for the Organization is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Capital assets not being depreciated				
Land	\$ 28,800	\$ -	\$ -	\$ 28,800
Capital assets being depreciated				
Buildings	\$ 588,910	\$ 226,500	\$ -	\$ 815,410
Leasehold improvements	11,086	-	-	11,086
Vehicles	207,391	-	33,519	173,872
Machinery and equipment	56,971	4,994	-	61,965
Total capital assets being depreciated	<u>\$ 864,358</u>	<u>\$ 231,494</u>	<u>\$ 33,519</u>	<u>\$ 1,062,333</u>
Less accumulated depreciation for:				
Buildings	\$ 54,988	\$ 36,788	\$ -	\$ 91,776
Leasehold improvements	7,205	200	-	7,405
Vehicles	168,969	13,565	33,519	149,015
Machinery and equipment	38,695	3,615	-	42,310
Total accumulated depreciation	<u>\$ 269,857</u>	<u>\$ 54,168</u>	<u>\$ 33,519</u>	<u>\$ 290,506</u>
Total capital assets being depreciated, net	<u>\$ 594,501</u>	<u>\$ 177,326</u>	<u>\$ -</u>	<u>\$ 771,827</u>

Beauregard Association for Retarded Citizens, Inc.

Notes to the Financial Statements (Concluded)

**5. ACCOUNTS AND OTHER PAYABLES**

The following is a summary of payables at June 30, 2014:

<u>Class of Payable</u>	
Accounts	\$ 6,626
Payroll taxes	2,575
Salaries	11,930
Total	<u>\$ 21,131</u>

**6. TEMPORARILY RESTRICTED ASSETS**

Medicaid accounts receivable	<u>\$ 10,085</u>
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**7. PERMANENTLY RESTRICTED ASSETS**

The Civitan Club of DeRidder, Louisiana, a nonprofit corporation donated a building and parking lot to the Beauregard Association for Retarded Citizens, Inc. Subject to a reservation that if the building was ever sold the sale proceeds will be put into an endowment fund for the Beauregard Association for Retarded Citizens, Inc.

Donated building and parking lot	<u>\$ 63,450</u>
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**8. CHANGES IN NOTE PAYABLE**

The following is a summary of the note payable at June 30, 2014:

Note Payable	
at June 30, 2013	\$ 13,106
Additions	-
Principal payments	<u>(6,692)</u>
Note Payable	
at June 30, 2014	<u>\$ 6,414</u>

**9. FUNDRAISING ACTIVITIES**

	<u>Garage Sales</u>	<u>Dancing with the Stars</u>	<u>Total</u>
Gross receipts	<u>\$ 514</u>	<u>\$ 5,125</u>	<u>\$ 5,639</u>

**OTHER REPORTS**

Schedule of Prior Year Audit Findings  
For the Year Ending June 30, 2014

Financial Statement Audit Finding

Audit Finding No. 2013-1

Inaccurate Bank Account Reconciliations

Condition: Some of the monthly bank reconciliations were found to be inaccurate and were not discovered by management due to a lack of monitoring.

Criteria: Monthly bank reconciliations should be performed timely and scanned for accuracy by the bookkeeper as well as management.

Cause: The bookkeeper performed bank reconciliations by hand and would have items listed as outstanding some months and not other months while the items never cleared the bank account.

Effect: The true book balance for cash was not known by the bookkeeper or management.

Recommendation: Perform bank reconciliations on accounting software so these types of errors are less likely to occur. Also, have the reconciliations examined by the executive

Date of initial occurrence – June 30, 2013

Corrective action taken – Yes

Schedule of Current Year Audit Findings and Management's Response  
For the Year Ending June 30, 2014

There were no current year audit findings as of June 30, 2014.

# John A. Windham, CPA

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Charles M. Reed, Jr., CPA

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*

To the Board of Directors  
Beauregard Association for Retarded Citizens, Inc.  
DeRidder, Louisiana

I 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 Beauregard Association for Retarded Citizens, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2014, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued my report thereon dated December 23, 2014.

## **Internal Control over Financial Reporting**

In planning and performing my audit of the financial statements, I considered Beauregard Association for Retarded Citizens, Inc.'s, internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Beauregard Association for Retarded Citizens, Inc.'s internal control. Accordingly, I 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.

My 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 my audit I did not identify and deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Beauregard Association for Retarded Citizens, Inc.'s financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my 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 my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "John A. Windham, CPA". The signature is written in a cursive style.

DeRidder, Louisiana  
December 23, 2014