

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

ANNUAL FINANCIAL REPORT

JUNE 30, 2014

Natchitoches Association for Retarded Citizens, Inc.
 Adult Habilitation Program and Sheltered Workshop
 Annual Financial Report
 June 30, 2014

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Natchitoches Association for Retarded Citizens, Inc.
Adult Habilitation Program and Sheltered Workshop
Annual Financial Report
June 30, 2014

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Johnson, Thomas & Cunningham

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Natchitoches 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

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Natchitoches 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 Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Natchitoches Association for Retarded Citizens, Inc. 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 in certain financial statements within this report. The information was taken from our report dated October 24, 2013, in which we expressed an unmodified opinion on the Natchitoches Association for Retarded Citizens, Inc.’s statement of financial position.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 7, 2014, on our consideration of the Natchitoches Association for Retarded Citizens, Inc.’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Natchitoches Association for Retarded Citizens, Inc.’s internal control over financial reporting and compliance.

Johnson, Thomas & Cunningham

Johnson, Thomas & Cunningham, CPA’s

October 7, 2014
Natchitoches, Louisiana

FINANCIAL STATEMENTS

Natchitoches Association for Retarded Citizens, Inc.
Adult Habilitation Program and Sheltered Workshop
Combined Statement of Financial Position
June 30, 2014

ASSETS:	
Cash	\$42,443
Revenue Receivable	18,060
Plant and Equipment, Net of Accumulated Depreciation of \$125,898	<u>4,919</u>
Total Assets	<u>\$65,422</u>
LIABILITIES:	
Accounts Payable	\$ 1,262
Payroll Taxes Payable	<u>423</u>
Total Liabilities	<u>\$ 1,685</u>
NET ASSETS:	
Temporarily Restricted	\$ 3,441
Unrestricted	<u>60,296</u>
Total Net Assets	<u>\$63,737</u>
Total Liabilities & Net Assets	<u>\$65,422</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, 2014

UNRESTRICTED NET ASSETS:

Support-	
Fees-	
Medicaid	\$192,148
State of Louisiana, Department of Health and Hospitals, Office for Citizens with Developmental Disabilities	84
Contract Work	39,211
Soft Drink Sales	779
Interest	40
Grant-Local	1,000
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>\$237,395</u>
Expenses-	
Program Services	\$181,435
Management and General	<u>58,412</u>
Total Expenses	<u>\$239,847</u>
Decrease in Unrestricted Net Assets	\$ <u>(2,452)</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>
Decrease in Net Assets	\$ (6,585)
Net Assets-Beginning of Year	<u>70,322</u>
Net Assets-End of Year	<u>\$ 63,737</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, 2014

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in Net Assets	\$ (6,585)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used In) Operating Activities-	
Depreciation	5,667
(Increase)/Decrease in Receivables	(4,827)
Increase/(Decrease) in Accounts Payable	(915)
Increase/(Decrease) in Payroll and Payroll Taxes Payable	<u>(182)</u>
Net Cash Used In Operating Activities	\$ (6,842)
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:	
Purchase of Assets	<u>(115)</u>
Net Decrease in Cash	\$ (6,957)
Cash-Beginning of Year	<u>49,400</u>
Cash-End of Year	<u>\$42,443</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, 2014

	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
COMPENSATION AND RELATED EXPENSES:			
Officers' Salaries	\$ 0	\$27,612	\$ 27,612
Client Salaries	13,872	0	13,872
Other Salaries	72,988	11,690	84,678
Payroll Taxes/Related Expenses	5,554	3,495	9,049
Workman's Compensation Insurance	<u>3,184</u>	<u>1,715</u>	<u>4,899</u>
Total Compensation and Related Expenses	<u>\$ 95,598</u>	<u>\$44,512</u>	<u>\$140,110</u>
OCCUPANCY EXPENSES:			
Rent	\$ 18,000	\$ 0	\$ 18,000
Repairs and Maintenance	7,570	0	7,570
Utilities	<u>8,691</u>	<u>0</u>	<u>8,691</u>
Total Occupancy Expenses	<u>\$ 34,261</u>	<u>\$ 0</u>	<u>\$ 34,261</u>
TRANSPORTATION EXPENSES:			
Fuel & Oil, Repairs & Maintenance	<u>\$ 17,570</u>	<u>\$ 0</u>	<u>\$ 17,570</u>
OTHER EXPENSES:			
Depreciation	\$ 3,684	\$ 1,983	\$ 5,667
Food	306	0	306
Insurance	7,760	4,178	11,938
Recreation	462	0	462
Postage	374	0	374
Repairs and Maintenance (Furniture/Equipment)	1,499	447	1,946
Soft Drinks	786	0	786
Office Supplies	677	993	1,670
Telephone/Utilities	3,954	405	4,359
Household Supplies	0	3,267	3,267
Janitorial Contract	5,499	0	5,499
Other	<u>9,005</u>	<u>2,627</u>	<u>11,632</u>
Total Other Expenses	<u>\$ 34,006</u>	<u>\$13,900</u>	<u>\$ 47,906</u>
Total Functional Expenses	<u>\$181,435</u>	<u>\$58,412</u>	<u>\$239,847</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, 2014

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, 2014

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 Association is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. The Association's Form 990, *Return of Organization Exempt from Income Tax*, for the years ending 2011, 2012, and 2013 are subject to examination by the IRS, generally for three years after they were filed.

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, 2014, the Association had no investments.

Natchitoches Association for Retarded Citizens, Inc.
Adult Habilitation Program and Sheltered Workshop
Notes to Financial Statements
June 30, 2014

NOTE 2 RESTRICTIONS ON ASSETS

Restrictions on assets at June 30, 2014, 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 \$3,441.

NOTE 3 CASH

Cash and Cash Equivalents:

The cash and cash equivalents of the Natchitoches Association for Retarded Citizens, Inc. are subject to the following risk:

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the government will not be able to recover its deposits. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal or exceed the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Association that the fiscal agent bank has failed to pay deposited funds upon demand. Further, Louisiana Revised Statute 39:1224 states that securities held by a third party shall be deemed to be held in the Association's name.

At June 30, 2014, the Association had \$50,645 in deposits (collected bank balances). These deposits were secured from risk by \$250,000 of federal deposit insurance.

Natchitoches Association for Retarded Citizens, Inc.
 Adult Habilitation Program and Sheltered Workshop
 Notes to Financial Statements
 June 30, 2014

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

A summary of plant and equipment at June 30, 2014, is presented below:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net</u>	<u>Depreciation This Year</u>
Furniture & Fixtures	\$ 54,099	\$ 53,529	\$ 570	\$ 502
Automobiles	70,497	66,148	4,349	5,165
Building & Equipment	<u>6,221</u>	<u>6,221</u>	<u>0</u>	<u>0</u>
Total	<u>\$130,817</u>	<u>\$125,898</u>	<u>\$4,919</u>	<u>\$5,667</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, 2014, 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, 2015.

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.

Natchitoches Association for Retarded Citizens, Inc.
 Adult Habilitation Program and Sheltered Workshop
 Notes to Financial Statements
 June 30, 2014

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:

<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 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, 2014.

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 client 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 or reduced number of clients would affect 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.

Natchitoches Association for Retarded Citizens, Inc.
Adult Habilitation Program and Sheltered Workshop
Notes to Financial Statements
June 30, 2014

NOTE 11 RELATED PARTIES

There were no identified related party transactions.

NOTE 12 SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 7, 2014, the date which the financial statements were available for issue.

SUPPLEMENTARY INFORMATION

Natchitoches Association for Retarded Citizens, Inc.
Adult Habilitation Program
Statement of Financial Position
June 30, 2014
With Comparative Amounts as of June 30, 2013

	<u>2014</u>	<u>2013</u>
ASSETS:		
Cash	\$19,804	\$29,882
Revenue Receivable- Medicaid	18,060	13,233
Plant and Equipment, Net of Accumulated Depreciation for 2014 and 2013 of \$98,970 and \$93,558, respectively	<u>4,387</u>	<u>9,799</u>
Total Assets	<u>\$42,251</u>	<u>\$52,914</u>
LIABILITIES:		
Accounts Payable	\$ 1,173	\$ 2,059
Payroll Taxes Payable	<u>400</u>	<u>590</u>
Total Liabilities	<u>\$ 1,573</u>	<u>\$ 2,649</u>
NET ASSETS:		
Temporarily Restricted	\$ 3,441	\$ 7,574
Unrestricted	<u>37,237</u>	<u>42,691</u>
Total Net Assets	<u>\$40,678</u>	<u>\$50,265</u>
Total Liabilities & Net Assets	<u>\$42,251</u>	<u>\$52,914</u>

See independent auditor's report on supplementary information.

Natchitoches Association for Retarded Citizens, Inc.
Adult Habilitation Program
Statement of Activities
Year Ended June 30, 2014
With Comparative Amounts from Year Ended June 30, 2013

	<u>2014</u>	<u>2013</u>
UNRESTRICTED NET ASSETS:		
Support-		
Fees-		
Medicaid	\$192,148	\$216,928
State of Louisiana, Department of Health and Hospitals, Office for Citizens with Developmental Disabilities	84	2,968
Interest	40	70
Other	0	45
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>\$196,405</u>	<u>\$224,144</u>
Expenses-		
Program Services	\$152,003	\$174,009
Management and General	<u>49,856</u>	<u>56,588</u>
Total Expenditures	<u>\$201,859</u>	<u>\$230,597</u>
Decrease in Unrestricted Net Assets	\$ <u>(5,454)</u>	\$ <u>(6,453)</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>
Decrease in Net Assets	\$ (9,587)	\$ (10,586)
Transfer In (Sheltered Workshop)	0	1,042
Net Assets-Beginning of Year	<u>50,265</u>	<u>59,809</u>
Net Assets-End of Year	<u>\$ 40,678</u>	<u>\$ 50,265</u>

See independent auditor's report on supplementary information.

Natchitoches Association for Retarded Citizens, Inc.
Adult Habilitation Program
Statement of Cash Flows
Year Ended June 30, 2014
With Comparative Amounts from Year Ended June 30, 2013

	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ (9,587)	\$(10,586)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used In) Operating Activities-		
Depreciation	5,412	5,426
(Increase)/Decrease in Receivables	(4,827)	6,891
Increase/(Decrease) in Accounts Payable	(886)	383
Increase/(Decrease) in Payroll Taxes Payable	<u>(190)</u>	<u>63</u>
Net Cash Provided by (Used In) Operating Activities	\$ <u>(491)</u>	\$ <u>2,177</u>
Transfer In (Sheltered Workshop)	\$ <u>0</u>	\$ <u>1,042</u>
Net Increase (Decrease) in Cash	\$(10,078)	\$ 3,219
Cash-Beginning of Year	<u>29,882</u>	<u>26,663</u>
Cash-End of Year	<u>\$ 19,804</u>	<u>\$ 29,882</u>

See independent auditor's report on supplementary information.

Natchitoches Association for Retarded Citizens, Inc.
Adult Habilitation Program
Statement of Functional Expenses
Year Ended June 30, 2014

	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
COMPENSATION AND RELATED EXPENSES:			
Officers' Salaries	\$ 0	\$27,612	\$ 27,612
Other Salaries	68,953	9,517	78,470
Payroll Taxes/Related Expenses	5,554	2,991	8,545
Workman's Compensation Insurance	<u>3,184</u>	<u>1,715</u>	<u>4,899</u>
Total Compensation and Related Expenses	<u>\$ 77,691</u>	<u>\$41,835</u>	<u>\$119,526</u>
OCCUPANCY EXPENSES:			
Rent	\$ 18,000	\$ 0	\$ 18,000
Repairs and Maintenance	7,570	0	7,570
Utilities	<u>8,691</u>	<u>0</u>	<u>8,691</u>
Total Occupancy Expenses	<u>\$ 34,261</u>	<u>\$ 0</u>	<u>\$ 34,261</u>
TRANSPORTATION EXPENSES:			
Fuel & Oil, Repairs & Maintenance	<u>\$ 17,570</u>	<u>\$ 0</u>	<u>\$ 17,570</u>
OTHER EXPENSES:			
Depreciation	\$ 3,518	\$ 1,894	\$ 5,412
Postage	146	0	146
Insurance	7,760	4,178	11,938
Office Supplies	677	0	677
Telephone	3,202	0	3,202
Other	<u>7,178</u>	<u>1,949</u>	<u>9,127</u>
Total Other Expenses	<u>\$ 22,481</u>	<u>\$ 8,021</u>	<u>\$ 30,502</u>
Total Functional Expenses	<u>\$152,003</u>	<u>\$49,856</u>	<u>\$201,859</u>

See independent auditor's report on supplementary information.

Natchitoches Association for Retarded Citizens, Inc.
Sheltered Workshop
Statement of Financial Position
June 30, 2014
With Comparative Amounts as of June 30, 2013

	<u>2014</u>	<u>2013</u>
ASSETS:		
Cash	\$22,639	\$19,518
Plant and Equipment, Net of Accumulated Depreciation for 2014 and 2013 of \$26,928 and \$26,672, respectively	<u>532</u>	<u>672</u>
Total Assets	<u>\$23,171</u>	<u>\$20,190</u>
LIABILITIES:		
Accounts Payable	\$ 89	\$ 118
Payroll Taxes Payable	<u>23</u>	<u>15</u>
Total Liabilities	<u>\$ 112</u>	<u>\$ 133</u>
NET ASSETS:		
Unrestricted	<u>\$23,059</u>	<u>\$20,057</u>
Total Liabilities and Net Assets	<u>\$23,171</u>	<u>\$20,190</u>

See independent auditor's report on supplementary information.

Natchitoches Association for Retarded Citizens, Inc.
Sheltered Workshop
Statement of Activities
Year Ended June 30, 2014
With Comparative Amounts from Year Ended June 30, 2013

	<u>2014</u>	<u>2013</u>
UNRESTRICTED NET ASSETS:		
Support-		
Contract Work	\$39,211	\$42,118
Soft Drink Sales	779	2,455
Grant-Local	<u>1,000</u>	<u>0</u>
Total Revenues, Gains, and Other Support	<u>\$40,990</u>	<u>\$44,573</u>
Expenses-		
Program Services	\$29,432	\$30,757
Management and General	<u>8,556</u>	<u>6,501</u>
Total Expenses	<u>\$37,988</u>	<u>\$37,258</u>
Increase in Net Assets	\$ 3,002	\$ 7,315
Net Assets-Beginning of Year	<u>20,057</u>	<u>12,742</u>
Net Assets-End of Year	<u>\$23,059</u>	<u>\$20,057</u>

See independent auditor's report on supplementary information.

Natchitoches Association for Retarded Citizens, Inc.
Sheltered Workshop
Statement of Cash Flows
Year Ended June 30, 2014
With Comparative Amounts from Year Ended June 30, 2013

	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ 3,002	\$ 7,315
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities-		
Depreciation	255	484
Increase/(Decrease) in Accounts Payable	(29)	(547)
Increase/(Decrease) in Payroll Taxes Payable	<u>8</u>	<u>10</u>
Net Cash from Operating Activities	\$ <u>3,236</u>	\$ <u>7,262</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:		
Purchase of Assets	\$ <u>(115)</u>	\$ <u>(408)</u>
Net Increase in Cash	\$ 3,121	\$ 6,854
Cash-Beginning of Year	<u>19,518</u>	<u>12,664</u>
Cash-End of Year	<u>\$22,639</u>	<u>\$19,518</u>

See independent auditor's report on supplementary information.

Natchitoches Association for Retarded Citizens, Inc.
Sheltered Workshop
Statement of Functional Expenses
Year Ended June 30, 2014

	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
COMPENSATION AND RELATED EXPENSES:			
Client Salaries	\$13,872	\$ 0	\$13,872
Other Salaries	4,035	2,173	6,208
Payroll Taxes/Related Expenses	<u>0</u>	<u>504</u>	<u>504</u>
Total Compensation and Related Expenses	<u>\$17,907</u>	<u>\$2,677</u>	<u>\$20,584</u>
OTHER EXPENSES:			
Depreciation	\$ 166	\$ 89	\$ 255
Food	306	0	306
Telephone & Utilities	752	405	1,157
Postage	228	0	228
Repairs and Maintenance (Furniture/Equipment)	1,499	447	1,946
Office Supplies	0	993	993
Soft Drinks	786	0	786
Recreation	462	0	462
Household Supplies	0	3,267	3,267
Janitorial Contract	5,499	0	5,499
Other	<u>1,827</u>	<u>678</u>	<u>2,505</u>
Total Other Expenses	<u>\$11,525</u>	<u>\$5,879</u>	<u>\$17,404</u>
Total Functional Expenses	<u>\$29,432</u>	<u>\$8,556</u>	<u>\$37,988</u>

See independent auditor'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

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Natchitoches 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, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 7, 2014.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Natchitoches Association for Retarded Citizens, Inc.'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 Natchitoches Association for Retarded Citizens, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Johnson, Thomas & Cunningham

Johnson, Thomas & Cunningham, CPA's

October 7, 2014
Natchitoches, Louisiana

Natchitoches Association for Retarded Citizens, Inc.
Adult Habilitation Program and Sheltered Workshop
Board of Directors
June 30, 2014

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

Natchitoches Association for Retarded Citizens, Inc.
Schedule of Audit Results
Year Ended June 30, 2014

I. SUMMARY OF AUDIT RESULTS

The following summarize the audit results:

1. An unmodified opinion was issued on the financial statements of the Natchitoches Association for Retarded Citizens, Inc. as of and for the year ended June 30, 2014.
2. The audit did not disclose any significant deficiencies in internal control.
3. The audit did not disclose any instances of noncompliance that are required to be reported under *Government Auditing Standards*.

II. FINDINGS IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

No findings.

III. PRIOR YEAR FINDING

No findings.