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**ASSOCIATION OF RETARDED  
CITIZENS OF EVANGELINE, INC.**

Ville Platte, Louisiana

Financial Report

Year Ended June 30, 2001

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

Release Date JAN 2 2002

# KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

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\* A Professional Accounting Corporation

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Association of Retarded Citizens of Evangeline, Inc.  
Ville Platte, Louisiana

We have audited the accompanying statement of financial position of the Association of Retarded Citizens of Evangeline, Inc., (a nonprofit organization) as of June 30, 2001, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization'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 significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Association of Retarded Citizens of Evangeline, Inc, as of June 30, 2001, 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 September 5, 2001, on our consideration of the organization's internal control over financial reporting and our tests of its compliance with certain provision of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

***Kolder, Champagne, Slaven & Company, LLC***  
Certified Public Accountants

Ville Platte, Louisiana  
September 5, 2001

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**FINANCIAL STATEMENTS**

ASSOCIATION OF RETARDED CITIZENS OF EVANGELINE, INC.  
Ville Platte, Louisiana

Statements of Financial Position  
June 30, 2001  
With Comparative Totals for Year Ended June 30, 2000

ASSETS	<u>2001</u>	<u>2000</u>
Current assets:		
Cash	\$ 17,671	\$ 11,747
Revenue receivable	145,152	124,549
Prepaid insurance	-	5,503
Total current assets	<u>162,823</u>	<u>141,799</u>
Property and equipment:		
Furniture and fixtures	21,995	38,312
Buildings	27,205	27,205
Leasehold improvements	58,473	58,473
Accumulated depreciation	(44,617)	(57,539)
Total net property and equipment	<u>63,056</u>	<u>66,451</u>
Other assets:		
Deposits	<u>3,255</u>	<u>3,255</u>
Total assets	<u>\$ 229,134</u>	<u>\$ 211,505</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 28,345	\$ 44,267
Accrued payroll taxes	<u>2,347</u>	<u>4,027</u>
Total current liabilities	30,692	48,294
Net assets:		
Unrestricted net assets	<u>198,442</u>	<u>163,211</u>
Total liabilities and net assets	<u>\$ 229,134</u>	<u>\$ 211,505</u>

The accompanying notes are an integral part of this statement.

ASSOCIATION OF RETARDED CITIZENS OF EVANGELINE, INC.  
Ville Platte, Louisiana

Statement of Activities  
Year Ended June 30, 2001  
With Comparative Totals for Year Ended June 30, 2000

	<u>2001</u>	<u>2000</u>
Support:		
OCDD reimbursement	\$ 71,386	\$ 70,149
Day program reimbursement	29,700	54,363
Private Pay	-	7,899
Title 19 reimbursement	1,491,180	1,499,785
Medicaid waiver	48,827	-
Donation	7,110	25,440
Maintenance contracts	46,885	50,312
Nursery, crafts and thrift sales	41,774	30,541
Other income	11,258	12,785
Total support	<u>1,748,120</u>	<u>1,751,274</u>
Expenses:		
Functional expenses -		
Program services	1,059,695	1,035,733
Management and general	653,194	651,814
Total expenses	<u>1,712,889</u>	<u>1,687,547</u>
Increase in unrestricted net assets	35,231	63,727
Unrestricted net assets, beginning of year	<u>163,211</u>	<u>99,484</u>
Unrestricted net assets, end of year	<u>\$ 198,442</u>	<u>\$ 163,211</u>

The accompanying notes are an integral part of this statement.

ASSOCIATION OF RETARDED CITIZENS OF EVANGELINE, INC.  
Ville Platte, Louisiana

Statements of Cash Flows  
Years Ended June 30, 2001 and 2000

	<u>2001</u>	<u>2000</u>
Cash flows from operating activities:		
Increase in unrestricted net assets	<u>\$ 35,231</u>	<u>\$ 63,727</u>
Adjustments to reconcile increase in unrestricted net assets to net cash provided (used) by operating activities:		
Depreciation	7,304	7,530
(Increase) decrease in revenue receivable	(20,603)	1,944
(Increase) decrease in prepaid insurance	5,503	(388)
Decrease in accounts payable	(15,922)	(38,469)
Decrease in accrued payroll taxes	<u>(1,679)</u>	<u>(17,212)</u>
Net cash provided (used) by operating activities	<u>(25,397)</u>	<u>(46,595)</u>
Cash flows from investing activities:		
Acquisition of equipment	<u>(3,910)</u>	<u>-</u>
Net increase in cash	5,924	17,132
Cash (bank overdraft), beginning of period	<u>11,747</u>	<u>(5,385)</u>
Cash , end of period	<u><u>\$ 17,671</u></u>	<u><u>\$ 11,747</u></u>

The accompanying notes are an integral part of this statement.

ASSOCIATION OF RETARDED CITIZENS OF EVANGELINE, INC.  
Ville Platte, Louisiana

Notes to the Financial Statements

(1) Summary of Significant Accounting Policies

A. Nature of Activities

The Association of Retarded Citizens of Evangeline, Inc., is a non-profit corporation exempt from income tax under section 501(c)(3) of the Internal Revenue Code. The Organization was created on August 11, 1987 to promote and advance charitable, educational, and scientific purposes and to provide for the general welfare of persons who are retarded citizens of the Parish of Evangeline and surrounding areas. The Organization consists of five homes and two centers for development located in Ville Platte and Scott, Louisiana.

The board of directors of the corporation are elected by the members of the Organization, serve variable terms, and receive no compensation.

B. Financial Statement Presentation

The Organization has adopted the provisions of Statements of Financial Accounting Standards No. 117, "Financial Statements of Not-for-Profit Organizations". Statement No. 117 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. As of June 30, 2001, the Organization had only unrestricted net assets.

C. Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The financial statements of the Organization are presented on the accrual basis of accounting.

D. Income Taxes

Income taxes are not provided for in the financial statements since the Organization is exempt from federal and state income taxes under section 501(c)(3) of the Internal Revenue Code and similar state provisions. The Organization is not classified as a private foundation.

E. Property and Equipment

Property and equipment are stated at cost. Depreciation is computed on a straight-line basis over the applicable recovery periods, which range from 5 to 31.5 years.

ASSOCIATION OF RETARDED CITIZENS OF EVANGELINE, INC.  
Ville Platte, Louisiana

Notes to Financial Statements (Continued)

F. Compensated Absences

Vacation and sick leave are recorded as expenditures of the period in which paid and cannot be carried over from year to year. Any liability the Organization might have in this regard at June 30, 2001 is considered immaterial; therefore, no liability has been recorded in the accounts.

G. Donations

Donated funds in the amount of \$7,110 were received from Evangeline Association for Retarded Citizens and are included on the Statement of Activities.

H. Statement of Cash Flows

The Organization considers all highly liquid investments with maturity of three months or less at the date of acquisition to be cash equivalents.

I. Total Columns

Total columns are presented to facilitate financial analysis. Data in these columns do not present financial position, results of operations and changes in net assets in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

J. 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.

(2) Property and Equipment

Property and equipment consisted of the following at June 30, 2001 and 2000:

	<u>2001</u>	<u>2000</u>
Furniture and Fixtures	\$ 21,995	\$ 38,312
Building and Improvements	<u>85,678</u>	<u>85,678</u>
Total	107,673	123,990
Less: Accumulated depreciation	<u>(44,617)</u>	<u>(57,539)</u>
Net property and equipment	<u>\$ 63,056</u>	<u>\$ 66,451</u>

ASSOCIATION OF RETARDED CITIZENS OF EVANGELINE, INC.  
Ville Platte, Louisiana

Notes to Financial Statements (Continued)

(3) Social Security System

Employees of the Organization are members of the Social Security System. The organization and its employees contribute a percentage of each employee's salary to the System (7.65 percent each). The organization's contribution during the years ended June 30, 2001 and 2000 amounted to \$56,420 and \$56,296, respectively.

(4) Litigation

There is no litigation pending against the Organization at June 30, 2001 in which the result would have a material adverse effect on the accompanying financial statements, and accordingly, no provision for losses has been recorded.

(5) Third-Party Reimbursements

The Organization receives Medicaid reimbursements for patients living at five separate homes. Each home serves approximately six patients. Reimbursements are determined according to the patient's level of care. Medicaid reimbursements consisted of 88% of the Organization's total revenue for the year ended June 30, 2001.

(6) Operating Leases

The Organization has entered into a number of operating leases, which contain cancellation provisions. For the years ended June 30, 2001 and 2000, rent expenses approximated \$153,007 and \$137,205, respectively, for all types of leases which were all related to program services.

**SUPPLEMENTARY INFORMATION**

ASSOCIATION OF RETARDED CITIZENS OF EVANGELINE, INC.  
Ville Platte, Louisiana

Statements of Functional Expenses  
Year Ended June 30, 2001  
With Comparative Totals for year ended June 30, 2000

	2001			2000
	Program Services	Management and General	Total	
Advertising and promotion	\$ -	\$ 603	\$ 603	\$ 661
Auto expense	-	48,252	48,252	34,129
Bank charges	-	388	388	3,032
Dues	-	-	-	75
Employee Benefits	-	369	369	-
Food	48,478	-	48,478	54,629
Laundry and linen	162	-	162	1,043
Liability insurance	-	30,657	30,657	28,777
Licenses	-	3,140	3,140	3,219
Management fee	-	222,535	222,535	225,365
Medical services	9,346	-	9,346	7,412
Miscellaneous	8,545	50	8,595	9,682
Non-food	12,796	-	12,796	8,879
Non-property taxes	-	118,785	118,785	112,258
Office supplies	-	7,058	7,058	5,286
Outside services	40,721	-	40,721	44,320
Payroll taxes	51,446	9,590	61,036	57,659
Penalties	-	436	436	2,656
Personal client needs	13,302	-	13,302	15,230
Postage	-	1,177	1,177	1,341
Professional fees	-	21,818	21,818	20,700
Recreational	12,119	-	12,119	-
Rent	153,007	-	153,007	137,205
Repairs and maintenance	22,100	-	22,100	24,013
Salaries	555,854	136,620	692,474	735,896
Supplies	42,394	201	42,595	40,041
Telephone	-	25,159	25,159	24,073
Training in-service	-	3,000	3,000	2,525
Travel and seminar	-	1,218	1,218	1,080
Utilities	45,625	-	45,625	36,986
Workman's compensation insurance	36,496	22,138	58,634	41,845
Total expenses before depreciation	<u>1,052,391</u>	<u>653,194</u>	<u>1,705,585</u>	<u>1,680,017</u>
Depreciation expense	<u>6,831</u>	<u>473</u>	<u>7,304</u>	<u>7,530</u>
Total expenses	<u><u>\$ 1,059,222</u></u>	<u><u>\$ 653,667</u></u>	<u><u>\$ 1,712,889</u></u>	<u><u>\$ 1,687,547</u></u>

The accompanying notes are an integral part of this statement.

**COMPLIANCE  
AND  
INTERNAL CONTROL**

# KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

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## REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors  
Association of Retarded Citizens of Evangeline, Inc.  
Ville Platte, Louisiana

We have audited the financial statements of the Association of Retarded Citizens of Evangeline, Inc. (a nonprofit organization), as of and for the year ended June 30, 2001, and have issued our report thereon dated September 5, 2001. 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.

### Compliance

As part of obtaining reasonable assurance about whether Evangeline Association of 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 grants, 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 that are required to be reported under Government Auditing Standards.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered Evangeline Association of Retarded Citizens, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Evangeline Association of Retarded Citizens, Inc.'s ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. A reportable condition is described in the accompanying schedule of current and prior year audit findings and corrective action plan as item 01-1(IC).

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A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is a material weakness.

This report is intended solely for the information of management and the Board of Directors and is not intended to be and should not be used by anyone other than these specified parties.

***Kolder, Champagne, Slaven & Company, LLC***  
Certified Public Accountants

Ville Platte, Louisiana  
September 5, 2001

ASSOCIATION OF RETARDED CITIZENS OF EVANGELINE, INC.

Summary Schedule of Current and Prior Year Audit Findings  
and Corrective Action Plan  
Year Ended June 30, 2001

Ref. No.	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Anticipated Completion Date
CURRENT YEAR (6/30/01) --						
<u>Internal Control:</u>						
01-1(1C)	Unknown	Due to the small number of employees, the organization did not have adequate segregation of functions within the accounting system.	No	Based upon the size of the operation and the cost benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.	Gary Ortego, Administrator	N/A
PRIOR YEAR (6/30/00) --						
<u>Internal Control:</u>						
00-1(1C)	Unknown	Due to the small number of employees, the organization did not have adequate segregation of functions within the accounting system.	No	Based upon the size of the operation and the cost benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.	Gary Ortego, Administrator	N/A