VERMILION ASSOCIATION FOR RETARDED CITIZENS, INC.

Erath, Louisiana

Financial Report

Year Ended June 30, 2003

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 12·24·03

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Vermilion Association for Retarded Citizens, Inc.
Erath, Louisiana

We have audited the accompanying statement of financial position of the Vermilion Association for Retarded Citizens, Inc., (a nonprofit organization) as of June 30, 2003, 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 Vermilion Association for Retarded Citizens, Inc., as of June 30, 2003, and the changes in its net assets and 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 November 18, 2003 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 Governmental 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

Abbeville, Louisiana
November 18, 2003

183 South Beadle Road	113 East Bridge Street	133 East Waddil	1234 David Drive, Suite 105	408 W. Cotton Street	332 W. Sixth Avenue	200 South Main Street
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FINANCIAL STATEMENTS

VERMILION ASSOCIATION FOR RETARDED CITIZENS, INC.
Erath, Louisiana

Statement of Financial Position
June 30, 2003

ASSETS

Current assets:	
Cash and cash equivalents	$ 374,054
Accounts receivable	22,437
Accrued interest receivable	285
Total current assets	396,776
Property and equipment:	
Buildings and equipment	106,439
Automobiles	44,308
Accumulated depreciation	(141,632)
Total net property and equipment	9,115
Total assets	$ 405,891

LIABILITIES AND NET ASSETS

Current liabilities:	
Accounts payable	$ 2,066
Accrued payroll taxes	369
Total current liabilities	2,435
Net assets:	
Unrestricted net assets	393,856
Temporary restricted	9,600
Total net assets	403,456
Total liabilities and net assets	$ 405,891

The accompanying notes are an integral part of this statement.

VERMILION ASSOCIATION FOR RETARDED CITIZENS, INC.
Erath, Louisiana

Statement of Activities
Year Ended June 30, 2003

Revenue:	
OCDD reimbursement	$102,876
Day program reimbursement	44,695
Donations	18,403
Maintenance contracts	21,566
Other income	16,191
Total revenue	203,731
Expenses:	
Program services	46,121
Management and general	152,607
Total expenses	198,728
Change in net assets	5,003
Net assets, beginning of year	398,453
Net assets, end of year	$403,456

The accompanying notes are an integral part of this statement.

VERMILION ASSOCIATION FOR RETARDED CITIZENS, INC.
Erath, Louisiana

Statement of Functional Expenses
Year Ended June 30, 2003

	Program Services	Management and General	Total
Auto expense	$ 20,288	$ -	$ 20,288
Conventions	-	989	989
Dues	-	2,345	2,345
Employee benefits	-	1,757	1,757
Liability insurance	-	13,339	13,339
Medical insurance	-	4,433	4,433
Miscellaneous	-	786	786
Office supplies	-	5,716	5,716
Payroll taxes	1,605	7,838	9,443
Professional fees	-	3,305	3,305
Repairs and maintenance	-	1,200	1,200
Salaries	21,409	103,020	124,429
Supplies	1,255	-	1,255
Telephone	-	2,530	2,530
Training in-service	1,564	-	1,564
Utilities	-	2,989	2,989
Total expenses before depreciation	46,121	150,247	196,368
Depreciation expense	-	2,360	2,360
Total expenses	$ 46,121	$ 152,607	$ 198,728

The accompanying notes are an integral part of this statement.

VERMILION ASSOCIATION FOR RETARDED CITIZENS, INC.
Earth, Louisiana

Statement of Cash Flows
Year Ended June 30, 2003

Cash flows used for operating activities	
Change in net assets	$ 5,003
Adjustments to reconcile changes in net assets to net cash used for operating activities:	
Depreciation	2,360
Increase in accounts receivable	(8,867)
Increase in accounts payable	612
Decrease in accrued payroll taxes	(131)
Decrease in other accrued liabilities	(305)
Net cash used for operating activities	(6,331)
Cash flows from investing activities	
Payment for property and equipment	(1,264)
Net decrease in cash	(2,592)
Cash and cash equivalents, beginning of period	376,646
Cash and cash equivalents, end of period	$374,054

The accompanying notes are an integral part of this statement.

VERMILION ASSOCIATION FOR RETARDED CITIZENS, INC.
Erath, Louisiana

Notes to the Financial Statements

(1) Summary of Significant Accounting Policies

A. Nature of Activities

The Vermilion Association for Retarded Citizens, Inc., is a non-profit organization exempt from income tax under section 501(c)(3) of the Internal Revenue Code. The corporation was created 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 Vermilion and surrounding areas.

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

B. Financial Statement Presentation

The Vermilion Association for Retarded Citizens, Inc. has adopted the provisions of Statements of Financial Accounting Standards No. 117, "Financial Statements of Not-for-Profit Organizations". Statement No. 117 requires The Vermilion Association for Retarded Citizens, Inc. 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.

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 corporation 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.

F. Compensated Absences

Vacation and sick leave are recorded as expenditures of the period in which paid and can be carried over from year to year, not to exceed thirty days. Any liability the Vermilion Association for Retarded Citizens, Inc. might have in this regard at June 30, 2003, is considered immaterial; therefore, no liability has been recorded in the accounts.

G. Statement of Cash Flows

The Vermilion Association for Retarded Citizens, Inc. considers all highly liquid investments with maturity of three months or less at the date of acquisition to be cash equivalents.

H. 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.

I. 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, 2003:

Buildings and Equipment	$ 106,439
Automobiles	44,308
Total	150,747
Less: Accumulated depreciation	(141,632)
Net property and equipment	$ 9,115

Depreciation expense totaled $2,360 at June 30, 2003.

(3) Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purpose:

	2003	2002
Cash donation - Given for the deposit on a new vehicle.	$ 9,600	$ -

(4) Social Security System

Employees of Vermilion Association for Retarded Citizens, Inc. 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 year ended June 30, 2003 amounted to $9,443.

(5) Litigation

There is no litigation pending against the Vermilion Association for Retarded Citizens, Inc. at June 30, 2003.

(6) Employee Benefit Plan

The Vermilion Association of Retarded Citizens, Inc. has a defined contribution retirement plan which allows an employee that has completed one year of service and has attained age 21 to participate in the plan. The employee is allowed to contribute up to 10% of their salary and the Association contributes up to 2% of the eligible employees salary. An employee is considered vested once they have five years of service with the Association. The amount of pension expense incurred for the year 2003 is $1,757.

SUPPLEMENTARY INFORMATION

COMPLIANCE

AND

INTERNAL CONTROL

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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
The Vermilion Association for Retarded Citizens, Inc.
Erath, Louisiana

We have audited the financial statements of the Vermilion Association for Retarded Citizens, Inc. (a nonprofit organization), as of and for the year ended June 30, 2003, and have issued our report thereon dated November 18, 2003. 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 the Vermilion 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 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 the Vermilion Association for 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 Vermilion Association for Retarded Citizens, Inc.'s ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of current and prior year audit findings and corrective action plan as item 03-1(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

Abbeville, Louisiana
November 18, 2003

VERMILION ASSOCIATION FOR RETARDED CITIZENS, INC.

Summary Schedule of Current and Prior Year Audit Findings
and Corrective Action Plan
Year Ended June 30, 2003

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:						
Internal Control:						
03-1(IC)	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.	Scottie Daigle Director	N/A
Prior Year:						
02-1(IC)		See 03-1(IC)				