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DONALDSONVILLE AREA ASSOCIATION FOR RETARDED CITIZENS

(A NOT FOR PROFIT ORGANIZATION)

FINANCIAL STATEMENTS

JUNE 30, 1999 AND 1998

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Release Date FEB 09 2000



Postlethwaite & Netterville

(A Professional Accounting Corporation)
CERTIFIED PUBLIC ACCOUNTANTS

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DONALDSONVILLE AREA ASSOCIATION FOR RETARDED CITIZENS, INC.

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FINANCIAL STATEMENTS

JUNE 30, 1999 AND 1998



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108 MEMORIAL DRIVE • POST OFFICE BOX 1190 • DONALDSONVILLE, LOUISIANA 70346 • TELEPHONE (504) 473-4179 • FAX (504) 473-7204

INDEPENDENT AUDITORS' REPORT

Board of Directors
Donaldsonville Area Association for Retarded Citizens, Inc.
Donaldsonville, Louisiana

We have audited the accompanying statements of financial position of Donaldsonville Area Association for Retarded Citizens, Inc., (a not for profit organization), as of June 30, 1999 and 1998 and the related statements of activities, and cash flows for the years then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with generally accepted auditing standards 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 audits provide 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 Donaldsonville Area Association for Retarded Citizens, Inc. as of June 30, 1999 and 1998, and the changes in its net assets and its cash flows for the years then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 16, 1999 on our consideration of Donaldsonville Area Association for Retarded Citizens, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The Schedules of Expenses on page 7 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Donaldsonville, Louisiana
September 16, 1999

DONALDSONVILLE AREA ASSOCIATION FOR RETARDED CITIZENS, INC.
(A NOT FOR PROFIT ORGANIZATION)

Donaldsonville, Louisiana

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 1999 AND 1998

	<u>1999</u>	<u>1998</u>
<u>ASSETS</u>		
Cash	\$ 133,549	\$ 188,419
Certificates of deposit	145,554	102,949
Accounts receivable	69,644	51,449
Prepaid expenses	2,475	2,230
Buildings and equipment, net	<u>213,740</u>	<u>226,699</u>
<u>TOTAL ASSETS</u>	<u>\$ 564,962</u>	<u>\$ 571,746</u>
 <u>LIABILITIES AND NET ASSETS</u>		
Accounts payable	\$ 4,622	\$ 18,611
Salaries payable	<u>10,665</u>	<u>13,213</u>
TOTAL LIABILITIES	<u>15,287</u>	<u>31,824</u>
UNRESTRICTED NET ASSETS	<u>549,675</u>	<u>539,922</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 564,962</u>	<u>\$ 571,746</u>

The accompanying notes are an integral part of these statements.



DONALDSONVILLE AREA ASSOCIATION FOR RETARDED CITIZENS, INC.
(A NOT FOR PROFIT ORGANIZATION)

Donaldsonville, Louisiana

STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 1999 AND 1998

	<u>1999</u>	<u>1998</u>
<u>UNRESTRICTED NET ASSETS</u>		
<u>REVENUES AND OTHER SUPPORT</u>		
Public Support:		
Public contributions	\$ 5,357	\$ 4,139
Benefits	5,032	3,750
Allocated by Capital Area United Way	22,039	21,790
Contributions from Government Agencies	534,320	557,584
Other Revenue:		
Membership dues - individual	3,595	3,080
Sales to public (net of expenses of \$34,991 and \$21,911 respectively)	95,917	91,959
Residential services	31,083	40,557
Donated services	-	5,913
Interest	7,284	9,012
Miscellaneous revenue	847	708
	<hr/>	<hr/>
Total revenues and other support	705,474	738,492
 <u>EXPENSES</u>		
Residential services	235,722	332,250
Management and general	459,999	445,046
	<hr/>	<hr/>
Total expenses	695,721	777,296
	<hr/>	<hr/>
Change in net assets	9,753	(38,804)
Net assets at beginning of year	539,922	578,726
	<hr/>	<hr/>
Net assets at end of year	<u>\$ 549,675</u>	<u>\$ 539,922</u>

The accompanying notes are an integral part of these statements.



DONALDSONVILLE AREA ASSOCIATION FOR RETARDED CITIZENS, INC.

(A NOT FOR PROFIT ORGANIZATION)

Donaldsonville, Louisiana

STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 1999 AND 1998

	<u>1999</u>	<u>1998</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in net assets	\$ 9,753	\$ (38,804)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	38,655	31,221
Loss on disposition of assets	368	1,063
(Increase) decrease in accounts receivable	(18,195)	41,938
(Increase) decrease in prepaid expenses	(245)	51
Increase (decrease) in accounts payable	(13,989)	8,081
Increase (decrease) in salaries payable	(2,548)	2,515
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>13,799</u>	<u>46,065</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Net increase in certificates of deposit	(42,605)	(1,973)
Purchases of equipment	(26,314)	(39,387)
Net proceeds from sale of assets	250	343
NET CASH USED FOR INVESTING ACTIVITIES	<u>(68,669)</u>	<u>(41,017)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Principal payments on notes payable	-	(11,090)
NET CASH USED FOR FINANCING ACTIVITIES	<u>-</u>	<u>(11,090)</u>
Net increase in cash and cash equivalents	(54,870)	(6,042)
Cash and cash equivalents at beginning of year	<u>188,419</u>	<u>194,461</u>
Cash and cash equivalents at end of year	<u>\$ 133,549</u>	<u>\$ 188,419</u>
Supplemental data:		
Interest paid	\$ -	\$ 504

The accompanying notes are an integral part of these statements.



DONALDSONVILLE AREA ASSOCIATION FOR RETARDED CITIZENS, INC.
(A NOT FOR PROFIT ORGANIZATION)
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. The Association is a not for profit organization formed to furnish education and recreation to the mentally retarded and handicapped citizens of the Donaldsonville area. Funding for the Association is dependent upon appropriations from State agencies and contributions from the public. Additional revenue is generated from services performed by clients for local businesses.

B. Buildings and equipment are recorded at cost and are being depreciated using the straight-line method over their estimated useful lives as follows:

Buildings	30 - 40 years
Transportation equipment	5 years
Other equipment	5 - 10 years

C. Management has determined that all accounts receivable are collectible. Therefore, no reserve for uncollectible accounts has been established.

D. The Association reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

The Association reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Association reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

E. 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.

F. The Association considers all cash accounts and certificates of deposit with a maturity of three months or less when purchased to be cash and cash equivalents.



DONALDSONVILLE AREA ASSOCIATION FOR RETARDED CITIZENS, INC.
(A NOT FOR PROFIT ORGANIZATION)

Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS

2. **Cash and Certificates of Deposit**

At year-end, the carrying amount of the Association's deposits was \$279,103 and the bank balance was \$282,847. Of the bank balance, \$260,983 was covered by federal depository insurance and \$21,864 was uninsured at June 30, 1999.

3. **Lease Agreement**

The Association holds rights and title to a lease agreement - a 99 year lease signed with the City of Donaldsonville on December 26, 1972. The lease was signed for the land on which the Association's buildings are located. The lease becomes null and void if the leased premises are no longer used as a school for the retarded children. Under the terms of the lease, the Association pays no rental expense.

4. **Income Taxes**

The Association is exempt from the income taxes under Section 501 (c) (3) of the Internal Revenue Code and is not considered a private foundation.

6. **Buildings and Equipment**

Buildings and equipment at June 30, consist of the following:

	<u>1999</u>	<u>1998</u>
Building	\$ 203,820	\$ 178,979
Building improvements	95,504	94,539
Transportation equipment	109,584	89,613
Other equipment	101,425	100,589
Construction in progress	-	<u>21,442</u>
	<u>510,333</u>	485,162
Less: Accumulated depreciation	<u>(296,593)</u>	<u>(258,463)</u>
	<u>\$ 213,740</u>	<u>\$ 226,699</u>

7. **Reclassification**

Certain balances for 1998 have been reclassified to conform with the current year's presentation.



SUPPLEMENTARY INFORMATION



DONALDSONVILLE AREA ASSOCIATION FOR RETARDED CITIZENS, INC.
(A NOT FOR PROFIT ORGANIZATION)

Donaldsonville, Louisiana

SCHEDULES OF EXPENSES
YEARS ENDED JUNE 30, 1999 AND 1998

	1999			1998
	Residential Services	Management and General	Total	Total (Memorandum Only)
<u>EXPENSES</u>				
Salaries and wages	\$ 115,507	\$ 301,666	\$ 417,173	\$ 457,208
Repairs and maintenance	3,616	12,700	16,316	21,642
Supplies	3,332	5,596	8,928	17,033
Utilities	4,474	8,569	13,043	13,379
Telephone	2,457	2,072	4,529	3,946
Transportation expenses	1,606	9,344	10,950	12,547
Food	9,218	13,392	22,610	26,882
Payroll taxes	-	32,927	32,927	34,783
Insurance	9,546	29,745	39,291	32,120
Professional fees	2,600	5,434	8,034	24,721
Medical	2,868	633	3,501	7,093
Training	1,824	2,190	4,014	6,045
Interest	-	-	-	504
Day program	31,083	-	31,083	40,557
Client allowance	1,737	76	1,813	2,415
Bed fee	18,742	-	18,742	20,440
Contract labor	11,572	-	11,572	6,021
Other	2,706	9,834	12,540	18,739
Total Expenses Before Depreciation	222,888	434,178	657,066	746,075
Depreciation of buildings and equipment	12,834	25,821	38,655	31,221
Total Expenses	\$ 235,722	\$ 459,999	\$ 695,721	\$ 777,296





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

Board of Directors
Donaldsonville Area Association for Retarded Citizens, Inc.
Donaldsonville, Louisiana

We have audited the financial statements of the Donaldsonville Area Association for Retarded Citizens, Inc. (a not for profit organization) as of and for the years ended June 30, 1999 and 1998, and have issued our report thereon dated September 16, 1999. We conducted our audits in accordance with generally accepted auditing standards 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 Donaldsonville Area 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 audits, we considered Donaldsonville Area 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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in

the internal control over financial reporting that might be material weaknesses. 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the board of directors, management and the Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

Postlethwaite & Nettlesville

Donaldsonville, Louisiana
September 16, 1999

