

**RICHLAND ASSOCIATION FOR  
RETARDED CITIZENS, INCORPORATED  
Delhi, Louisiana**

**Financial Statements  
With Independent Auditor's Report  
As of and for the Year Ended  
June 30, 2004**

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 1-26-05

**RICHLAND ASSOCIATION FOR  
RETARDED CITIZENS, INCORPORATED  
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**Financial Statements  
With Independent Auditor's Report  
As of and for the Year Ended June 30, 2004**

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*M. Carleen Dumas*  
CERTIFIED PUBLIC ACCOUNTANT

369 DONALDSON ROAD • CALHOUN, LOUISIANA 71225 • TELEPHONE 318/644-5726

**Independent Auditor's Report**

**RICHLAND ASSOCIATION FOR  
RETARDED CITIZENS, INCORPORATED**  
Delhi, Louisiana

I have audited the accompanying statement of financial position of the Richland Association for Retarded Citizens, Incorporated, as of June 30, 2004, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the management of the Richland Association for Retarded Citizens, Incorporated. 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 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Richland Association for Retarded Citizens, Incorporated as of June 30, 2004, 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*, I have also issued my report dated November 10, 2004, on my consideration of the Richland Association for Retarded Citizens, Incorporated's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, and contracts. 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 my audit.

**RICHLAND ASSOCIATION FOR  
RETARDED CITIZENS, INCORPORATED**  
Delhi, Louisiana  
Independent Auditor's Report  
June 30, 2004

My audit was conducted for the purpose of forming an opinion on the basic financial statements of the Richland Association for Retarded Citizens, Incorporated, taken as a whole. The supplemental information schedules listed in the table of contents are presented for the purpose of additional analysis and are 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 my opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



Calhoun, Louisiana  
November 10, 2004

**FINANCIAL STATEMENTS**

**RICHLAND ASSOCIATION FOR  
RETARDED CITIZENS, INCORPORATED  
Delhi, Louisiana**

**STATEMENT OF FINANCIAL POSITION  
June 30, 2004**

**ASSETS**

## Current assets:

Cash	\$53,549
Investments - certificate of deposit	23,909
Accounts receivable	<u>13,100</u>
Total current assets	90,558

## Land, buildings, and equipment

(net of accumulated depreciation)	<u>18,248</u>
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**TOTAL ASSETS****\$108,806****LIABILITIES AND NET ASSETS**

## Current liabilities:

Accounts payable	\$1,960
Payroll withholdings payable	<u>1,271</u>
Total liabilities	3,231

## Unrestricted net assets

105,575**TOTAL LIABILITIES AND NET ASSETS****\$108,806**

See accompanying notes.

RICHLAND ASSOCIATION FOR RETARDED  
CITIZENS, INCORPORATED  
Delhi, Louisiana

Statement of Activities  
For the Year Ended June 30, 2004

**UNRESTRICTED NET ASSETS****Support and Revenue:**

## Support:

Contributions	\$1,217
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## Revenue:

## Reimbursements:

Department of Health and Hospitals	110,837
Louisiana Medical Assistance Program	20,477
Other	23,156

## Service revenue:

Ironing	9,709
Cooking	7,748
Interest earnings	<u>576</u>

Total support and revenue	<u>173,720</u>
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**Expenses**

Program services - vocational and habilitative	80,453
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Support services - management and general	<u>88,295</u>
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Total expenses	<u>168,748</u>
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<b>INCREASE IN NET ASSETS</b>	4,972
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<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>100,603</u>
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<b>NET ASSETS AT END OF YEAR</b>	<u><u>\$105,575</u></u>
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See accompanying notes.

**RICHLAND ASSOCIATION FOR RETARDED  
CITIZENS, INCORPORATED  
Delhi, Louisiana**

**Statement of Functional Expenses  
For the Year Ended June 30, 2004**

	<u>PROGRAM SERVICES - VOCATIONAL AND HABILITATIVE</u>	<u>SUPPORT SERVICES - MANAGEMENT AND GENERAL</u>	<u>TOTAL</u>
<b>Salaries:</b>			
Employees	\$59,698	\$20,818	\$80,516
Program participants	7,385		7,385
Payroll taxes	4,391	1,621	6,012
Total salaries and related expenses	<u>71,474</u>	<u>22,439</u>	<u>93,913</u>
Accounting and audit		1,692	1,692
Insurance		17,942	17,942
Licenses		150	150
Maintenance and repairs		3,684	3,684
Postage		185	185
Rent		12	12
Supplies	8,979	3,859	12,838
Telephone		2,751	2,751
Transportation		27,020	27,020
Utilities		5,836	5,836
Workshops		243	243
Miscellaneous		2,086	2,086
Total expenses before depreciation	<u>80,453</u>	<u>87,899</u>	<u>168,352</u>
Depreciation		396	396
Total expenses	<u>\$80,453</u>	<u>\$88,295</u>	<u>\$168,748</u>

See accompanying notes.

**RICHLAND ASSOCIATION FOR  
RETARDED CITIZENS, INCORPORATED  
Delhi, Louisiana**

**STATEMENT OF CASH FLOWS  
For the Year Ended June 30, 2004**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Increase in net assets	\$4,972
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	396
(Increase) decrease in operating assets:	
Accounts receivable	(545)
Increase (decrease) in operating liabilities:	
Accounts payable	(146)
Taxes payable	303
Net cash used by operating activities	<u>4,980</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Increase in investments	(439)
Purchase of fixed assets	<u>(843)</u>
Net cash used by investing activities	<u>(1,282)</u>
<b>NET INCREASE IN CASH</b>	3,698
<b>CASH AT BEGINNING OF YEAR</b>	<u>49,851</u>
<b>CASH AT END OF YEAR</b>	<u>\$53,549</u>

See accompanying notes.

**RICHLAND ASSOCIATION FOR  
RETARDED CITIZENS, INCORPORATED**  
Delhi, Louisiana

Notes to the Financial Statements  
As of and for the Year Ended June 30, 2004

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Richland Association for Retarded Citizens, Incorporated, is a nonprofit organization whose purpose is to provide vocational and habilitative services to mentally retarded citizens ages 22 years and older.

**A. BASIS OF ACCOUNTING**

The accompanying financial statements are prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

**B. 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.

**C. FIXED ASSETS**

*Fixed assets costing \$100 or more acquired by the Richland Association for Retarded Citizens, Incorporated, are considered to be owned by the association and are capitalized at cost. Donated fixed assets with fair market values of \$100 or more are capitalized at fair market value on the date of donation. The depreciation of buildings and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis. The estimated useful lives are ten years for the building and five to twelve years for the equipment.*

**RICHLAND ASSOCIATION FOR  
RETARDED CITIZENS, INCORPORATED**  
Delhi, Louisiana  
Notes to the Financial Statements

**D. CONTRIBUTIONS**

Contributions are recorded when received. All contributions are available for unrestricted use unless specifically restricted by the donor.

**E. THIRD PARTY REIMBURSEMENTS**

The Association receives approximately 89 per cent of its funding from third party reimbursements under contracts for the provision of adult vocational and habilitative services. In order to receive funding, the Association must comply with contract provisions. During the year ended June 30, 2004, the Association received funding under contracts with the Louisiana Department of Health and Hospitals, Office For Citizens With Developmental Disabilities; Delta-American Healthcare, Incorporated; and the Louisiana Medical Assistance Program.

**F. CASH**

At June 30, 2004, the Richland Association for Retarded Citizens, Incorporated, has cash in demand deposits (book balances) totaling \$53,549. The Association's bank balances were fully insured by FDIC insurance at June 30, 2004.

**G. INVESTMENTS**

Richland Association for Retarded Citizens, Incorporated, has adopted Statement of Financial Accounting Standards (SFAS) No. 124, *Accounting for Certain Investments Held by Not-for-Profit Organizations*. Under SFAS No. 124, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. At June 30, 2004, the association's investments consist of a nonnegotiable certificate of deposit with a original maturity that exceeds 90 days that is reported in the accompanying financial statements at cost. The bank balances of the deposits are fully secured from risk by federal deposit insurance.

**RICHLAND ASSOCIATION FOR  
RETARDED CITIZENS, INCORPORATED**  
Delhi, Louisiana  
Notes to the Financial Statements

**H. ACCOUNTS RECEIVABLE**

Accounts receivable is stated at the amount the Association expects to collect from outstanding balances. Receivables at June 30, 2004, in the amount of \$13,100, consist of amounts due under contracts for the provision of vocational and habilitative services. The receivables are considered fully collectible and no allowance for uncollectible accounts is reported in the financial statements.

**I. INCOME TAX STATUS**

The Richland Association for Retarded Citizens, Incorporated, is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in these financial statements.

**2. ACCOUNTS RECEIVABLE**

As of June 30, 2004, accounts receivable from third party reimbursements consisted of:

Department of Health and Hospitals	\$9,602
Louisiana Medical Assistance Program	1,353
Delta American Healthcare	<u>2,145</u>
Total	<u>\$13,100</u>

**3. LAND, BUILDINGS, AND EQUIPMENT**

A summary of land, buildings, and equipment at June 30, 2004, is as follows:

Land and buildings	\$17,040
Equipment	17,753
Less accumulated depreciation	<u>(16,545)</u>
Total	<u>\$18,248</u>

**RICHLAND ASSOCIATION FOR  
RETARDED CITIZENS, INCORPORATED**  
Delhi, Louisiana  
Notes to the Financial Statements

**4. LITIGATION AND CLAIMS**

At June 30, 2004, the Association is not involved in any litigation nor is it aware of any unasserted claims.

**SUPPLEMENTAL INFORMATION SCHEDULES**

**RICHLAND ASSOCIATION FOR  
RETARDED CITIZENS, INCORPORATED  
Delhi, Louisiana  
SUPPLEMENTAL INFORMATION SCHEDULES  
For the Year Ended June 30, 2004**

**PRIOR AUDIT FINDINGS**

The follow-up and corrective action taken on all prior audit findings is presented in the summary schedule of prior audit findings (Schedule 1).

**CURRENT YEAR AUDIT FINDINGS**

The corrective action plan for current year audit findings is presented in Schedule 2.

RICHLAND ASSOCIATION FOR  
 RETARDED CITIZENS, INCORPORATED  
 Delhi, Louisiana

Summary Schedule of Prior Audit Findings  
 For the Year Ended June 30, 2004

Reference Number	Fiscal Year Finding Initially Occurred	Description of Finding	Status of Finding
Internal Control	06/30/96	Inadequate Segregation of Accounting Duties	Unresolved - See 2004-1 on Schedule of Current Year Audit Findings

**RICHLAND ASSOCIATION FOR  
RETARDED CITIZENS, INCORPORATED  
Delhi, Louisiana**

**Schedule of Current Year Audit Findings  
For the Year Ended June 30, 2004**

**2004-1      INADEQUATE SEGREGATION OF ACCOUNTING DUTIES**

**Condition:** All accounting functions of the Association, i.e., depositing and posting receipts and preparing, posting, and issuing checks are performed by one individual.

**Criteria:** Incompatible functions should be performed by separate individuals.

**Effect:** Errors or irregularities may not be detected within a timely period.

**Cause:** It is not economically feasible to correct this deficiency based on the size of the Association and its limited revenues.

**Recommendation:** None

**Management's Response:** It is not economically feasible to correct this deficiency based on the size of the Association and its limited revenues.

**Independent Auditor's Report**  
**Required by *Government Auditing Standards***

The following independent auditor's report on compliance and on internal control over financial reporting is presented in compliance with the requirements of *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Louisiana Governmental Audit Guide*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.

*M. Carleen Dumas*  
CERTIFIED PUBLIC ACCOUNTANT

369 DONALDSON ROAD • CALHOUN, LOUISIANA 71225 • TELEPHONE 318/644-5726

**Independent Auditor's Report on Compliance and on  
Internal Control Over Financial Reporting  
Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

RICHLAND ASSOCIATION FOR  
RETARDED CITIZENS, INCORPORATED  
Delhi, Louisiana

I have audited the financial statements of the Richland Association for Retarded Citizens, Incorporated, as of June 30, 2004, and for the year then ended, and have issued my report thereon dated November 10, 2004. I conducted my audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Louisiana Governmental Audit Guide*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.

**Compliance**

As part of obtaining reasonable assurance about whether the Richland Association for Retarded Citizens, Incorporated's financial statements are free of material misstatement, I performed tests of the association's compliance with certain provisions of laws, regulations, and contracts, 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 that are required to be reported under *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing my audit, I considered the Richland Association for Retarded Citizens, Incorporated's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, I noted a certain matter involving the internal control over financial reporting and its operation that I consider to be a reportable condition. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgment, could adversely affect the Richland Association for Retarded Citizens, Incorporated'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 year audit findings as item 2004-1.

**RICHLAND ASSOCIATION FOR  
RETARDED CITIZENS, INCORPORATED**

**Independent Auditor's Report  
on Compliance and on  
Internal Control, etc.,  
June 30, 2004**

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. My 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, I do not consider the reportable condition described above to be a material weakness.

This report is intended solely for the information of the board of directors of the Richland Association for Retarded Citizens, Incorporated and the Louisiana Department of Health and Hospitals, Office for Citizens With Developmental Disabilities and is not intended to be and should not be used by anyone other than these specified parties.

*Carlton Dumas*  
Calhoun, Louisiana  
November 10, 2004