

**ASSOCIATION FOR RETARDED  
CITIZENS/OUACHITA**

**Financial Statements  
As of and for the Years Ended  
June 30, 2014 and 2013**

ASSOCIATION FOR RETARDED CITIZENS/OUACHITA

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# HUFFMAN & SOIGNIER

(A PROFESSIONAL ACCOUNTING CORPORATION)  
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## INDEPENDENT AUDITORS' REPORT

**The Board of Directors  
Association for Retarded Citizens/Ouachita  
Monroe, Louisiana**

We have audited the accompanying financial statements of the **Association for Retarded Citizens/Ouachita** (a non-profit organization, the Association), which comprise the statements of financial position as of June 30, 2014 and 2013, and the related statements of activities, functional expenses and cash flows for the years 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 audits. We conducted our audits 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.

**The Board of Directors  
Association for Retarded Citizens/Ouachita**

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

**Opinion**

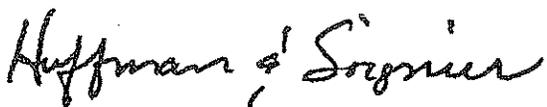
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Association as of June 30, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Combining Schedule of Financial Position as of June 30, 2014 and the Combining Schedule of Activities for the year ended June 30, 2014 with comparative totals for the year ended June 30, 2013 on pages 21 through 26 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material aspects in relation to the financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 9, 2015, on our consideration of the Association's internal control over financial reporting and 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 do not provide an opinion on internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Association's internal control over financial reporting and compliance.



**(A Professional Accounting Corporation)  
January 9, 2015**

## **FINANCIAL STATEMENTS**

**ASSOCIATION FOR RETARDED CITIZENS/OUACHITA**

**Statements of Financial Position**

	<u>June 30, 2014</u>		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Assets</b>			
Cash	\$ 583,681	\$ 22,500	\$ 606,181
Accounts receivable			
Intergovernmental	294,664	-	294,664
Services	43,868	-	43,868
Contributions and grants	4,356	-	4,356
United Way	-	184,583	184,583
Other	25,007	-	25,007
Land, building and equipment	1,081,010	92,923	1,173,933
Accumulated depreciation	(558,254)	(92,923)	(651,177)
Prepaid expenses	6,261	-	6,261
Other deposits	1,043	5,581	6,624
	<u>1,481,636</u>	<u>212,664</u>	<u>1,694,300</u>
Total assets	<u>\$ 1,481,636</u>	<u>\$ 212,664</u>	<u>\$ 1,694,300</u>
<b>Liabilities and net assets</b>			
<b>Liabilities</b>			
Accounts payable	\$ 12,591	\$ -	\$ 12,591
Accrued payroll and taxes	150,781	-	150,781
Deferred revenue	-	-	-
Notes payable	270,216	-	270,216
Total liabilities	<u>433,588</u>	<u>-</u>	<u>433,588</u>
<b>Net Assets</b>			
Unrestricted	1,048,048	-	1,048,048
Temporarily restricted	-	212,664	212,664
Total net assets	<u>1,048,048</u>	<u>212,664</u>	<u>1,260,712</u>
	<u>\$ 1,481,636</u>	<u>\$ 212,664</u>	<u>\$ 1,694,300</u>
Total liabilities and net assets	<u>\$ 1,481,636</u>	<u>\$ 212,664</u>	<u>\$ 1,694,300</u>

The accompanying notes are an integral part of these statements.

**June 30, 2013**

<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
\$ 627,473	\$ 30,000	\$ 657,473
324,584	-	324,584
33,443	-	33,443
14,944	-	14,944
-	181,244	181,244
13,257	-	13,257
941,717	92,923	1,034,640
(495,543)	(87,298)	(582,841)
6,461	-	6,461
1,043	-	1,043
<u>\$ 1,467,379</u>	<u>\$ 216,869</u>	<u>\$ 1,684,248</u>
\$ 55,051	\$ -	\$ 55,051
176,335	-	176,335
3,218	-	3,218
279,962	-	279,962
<u>514,566</u>	<u>-</u>	<u>514,566</u>
952,813	-	952,813
-	216,869	216,869
<u>952,813</u>	<u>216,869</u>	<u>1,169,682</u>
<u>\$ 1,467,379</u>	<u>\$ 216,869</u>	<u>\$ 1,684,248</u>

# ASSOCIATION FOR RETARDED CITIZENS/OUACHITA

## Statements of Activities For the Years Ended

	June 30, 2014		
	Unrestricted	Temporarily Restricted	Total
<b>Support and Revenue</b>			
Intergovernmental	\$ 3,152,672	\$ -	\$ 3,152,672
Charges for services	311,887	-	311,887
Contributions and grants	414,522	22,500	437,022
United Way allocation	-	204,610	204,610
Membership dues	39,521	-	39,521
Contributions and net revenue from			
Special events			
Contributions	89,454	-	89,454
Costs of direct benefits to donors	(61,294)	-	(61,294)
Other revenues	2,276	-	2,276
Total	3,949,038	227,110	4,176,148
Net assets released from restrictions	231,315	(231,315)	-
Total support and revenue	4,180,353	(4,205)	4,176,148
<b>Expenses</b>			
Program services			
Supported employment	577,602	-	577,602
Day habilitation	71,919	-	71,919
Supported work contracts	287,140	-	287,140
Supported living	1,905,846	-	1,905,846
Community home			
Mallard Home	210,468	-	210,468
Early Intervention	367,358	-	367,358
Total program services	3,420,333	-	3,420,333
Supporting services			
Management and general	484,216	-	484,216
Fundraising	180,569	-	180,569
Total supporting services	664,785	-	664,785
Total expenses	4,085,118	-	4,085,118
<b>Increase (decrease) in net assets</b>	95,235	(4,205)	91,030
<b>Net assets at beginning of year</b>	952,813	216,869	1,169,682
<b>Net assets at end of year</b>	\$ 1,048,048	\$ 212,664	\$ 1,260,712

The accompanying notes are an integral part of these statements.

**June 30, 2013**

<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
\$ 3,118,394	\$ -	\$ 3,118,394
287,059	-	287,059
273,426	30,000	303,426
-	192,541	192,541
56,157	-	56,157
265,086	-	265,086
(110,033)	-	(110,033)
62,730	-	62,730
<u>3,952,819</u>	<u>222,541</u>	<u>4,175,360</u>
203,475	(203,475)	-
4,156,294	19,066	4,175,360
577,607	-	577,607
89,821	-	89,821
267,642	-	267,642
1,832,563	-	1,832,563
223,468	-	223,468
382,373	-	382,373
<u>3,373,474</u>	<u>-</u>	<u>3,373,474</u>
458,005	-	458,005
239,024	-	239,024
<u>697,029</u>	<u>-</u>	<u>697,029</u>
<u>4,070,503</u>	<u>-</u>	<u>4,070,503</u>
85,791	19,066	104,857
867,022	197,803	1,064,825
<u>\$ 952,813</u>	<u>\$ 216,869</u>	<u>\$ 1,169,682</u>

**ASSOCIATION FOR RETARDED CITIZENS/OUACHITA**

**Statement of Functional Expenses  
For the Year Ended June 30, 2014**

**Program Services**

	<u>Supported Employment</u>	<u>Day Habilitation</u>	<u>Supported Work Contracts</u>	<u>Supported Living</u>	<u>Mallard Home</u>
Salaries	\$ 407,718	\$ 36,155	\$ 88,781	\$ 1,476,803	\$ 99,807
Payroll taxes	33,614	3,034	523	123,240	8,256
Pension	3,034	359	498	15,155	1,611
Total salaries and related expenses	<u>444,366</u>	<u>39,548</u>	<u>89,802</u>	<u>1,615,198</u>	<u>109,674</u>
Dues and subscriptions	1,230	156	509	4,051	368
Food	1,315	539	427	3,541	7,805
Insurance	36,734	6,442	20,963	94,914	14,925
Interest	-	-	14,667	-	-
Licenses and inspections	3,084	13	1,521	7,754	1,239
Maintenance	11,068	6,476	27,639	13,079	8,905
Medical	2,228	167	743	5,964	3,412
Miscellaneous	1,505	1,371	35,780	3,667	18,854
Office supplies and postage	2,195	224	504	4,958	405
Professional fees	752	90	-	24,459	4,395
Public awareness	173	6	4,365	1,767	-
Rent	10,356	456	22,558	13,970	1,466
Supplies	938	2,922	7,417	2,032	3,966
Telephone	8,806	952	5,796	6,160	1,186
Training	10,009	284	1	1,300	23,419
Transportation	16,357	4,102	16,040	13,639	2,661
Travel	11,403	405	24,465	68,697	877
Utilities	6,428	3,164	-	9,951	6,320
Total	<u>568,947</u>	<u>67,317</u>	<u>273,197</u>	<u>1,895,101</u>	<u>209,877</u>
Depreciation of buildings and equipment	<u>8,655</u>	<u>4,602</u>	<u>13,943</u>	<u>10,745</u>	<u>591</u>
Total functional expenses	\$ <u><u>577,602</u></u>	\$ <u><u>71,919</u></u>	\$ <u><u>287,140</u></u>	\$ <u><u>1,905,846</u></u>	\$ <u><u>210,468</u></u>

The accompanying notes are an integral part of these statements.

**Supporting Services**

<b>Early Intervention</b>	<b>Total Program Services</b>	<b>Management and General</b>	<b>Fund Raising</b>	<b>Total Supporting Services</b>	<b>Total Expenses</b>
\$ 215,492	\$ 2,324,756	\$ 218,153	\$ 73,588	\$ 291,741	\$ 2,616,497
16,171	184,838	14,351	9,256	23,607	208,445
4,300	24,957	8,626	1,190	9,816	34,773
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235,963	2,534,551	241,130	84,034	325,164	2,859,715
1,281	7,595	1,741	24	1,765	9,360
1,050	14,677	204	11,026	11,230	25,907
15,201	189,179	41,978	7,417	49,395	238,574
-	14,667	-	-	-	14,667
329	13,940	1,111	66	1,177	15,117
5,384	72,551	30,495	2,790	33,285	105,836
140	12,654	829	28	857	13,511
222	61,399	17,367	44,325	61,692	123,091
530	8,816	7,104	5,770	12,874	21,690
27,300	56,996	54,918	339	55,257	112,253
566	6,877	13,922	7,536	21,458	28,335
51,798	100,604	19,400	9,604	29,004	129,608
705	17,980	1,715	688	2,403	20,383
3,258	26,158	3,113	1,864	4,977	31,135
2,811	37,824	755	154	909	38,733
1,373	54,172	-	-	-	54,172
17,140	122,987	690	1,811	2,501	125,488
1,049	26,912	9,987	2,694	12,681	39,593
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366,100	3,380,539	446,459	180,170	626,629	4,007,168
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1,258	39,794	37,757	399	38,156	77,950
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<u>\$ 367,358</u>	<u>\$ 3,420,333</u>	<u>\$ 484,216</u>	<u>\$ 180,569</u>	<u>\$ 664,785</u>	<u>\$ 4,085,118</u>

**ASSOCIATION FOR RETARDED CITIZENS/OUACHITA**

**Statement of Functional Expenses  
For the Year Ended June 30, 2013**

**Program Services**

	<u>Supported Employment</u>	<u>Day Habilitation</u>	<u>Supported Work Contracts</u>	<u>Supported Living</u>	<u>Mallard Home</u>
Salaries	\$ 413,271	\$ 47,630	\$ 101,298	\$ 1,450,244	\$ 106,529
Payroll taxes	34,514	3,914	880	121,337	8,692
Pension	3,746	821	292	14,285	1,028
Total salaries and related expenses	<u>451,531</u>	<u>52,365</u>	<u>102,470</u>	<u>1,585,866</u>	<u>116,249</u>
Dues and subscriptions	1,203	142	508	3,253	440
Food	4,103	1,169	98	2,057	9,480
Insurance	25,763	6,190	24,012	74,584	11,166
Interest	-	-	15,171	-	-
Licenses and inspections	1,197	40	50	3,341	980
Maintenance	15,524	5,649	15,567	6,540	4,976
Medical	1,332	53	878	7,794	4,653
Miscellaneous	4,495	102	15,718	3,282	20,342
Office supplies and postage	3,502	152	194	7,213	668
Professional fees	1,337	38	-	13,414	5,665
Public awareness	770	100	4,977	4,034	28
Rent	10,585	493	21,525	12,641	1,678
Supplies	1,273	1,054	7,546	2,083	6,127
Telephone	6,437	803	4,033	5,662	1,156
Training	10,708	171	-	2,717	29,462
Transportation	14,814	11,800	23,503	3,811	2,807
Travel	9,536	340	-	76,243	531
Utilities	5,395	2,817	17,796	8,397	6,850
Total	<u>569,505</u>	<u>83,478</u>	<u>254,046</u>	<u>1,822,932</u>	<u>223,258</u>
Depreciation of buildings and equipment	<u>8,102</u>	<u>6,343</u>	<u>13,596</u>	<u>9,631</u>	<u>210</u>
Total functional expenses	\$ <u>577,607</u>	\$ <u>89,821</u>	\$ <u>267,642</u>	\$ <u>1,832,563</u>	\$ <u>223,468</u>

The accompanying notes are an integral part of these statements.

**Supporting Services**

<u>Early Intervention</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total Supporting Services</u>	<u>Total Expenses</u>
\$ 229,946	\$ 2,348,918	\$ 243,781	\$ 78,623	\$ 322,404	\$ 2,671,322
17,142	186,479	19,211	18,818	38,029	224,508
4,856	25,028	9,934	1,412	11,346	36,374
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251,944	2,560,425	272,926	98,853	371,779	2,932,204
1,161	6,707	2,163	62	2,225	8,932
1,405	18,312	61	11,626	11,687	29,999
15,844	157,559	17,792	6,059	23,851	181,410
-	15,171	-	-	-	15,171
81	5,689	94	63	157	5,846
5,038	53,294	23,803	3,949	27,752	81,046
70	14,780	686	3	689	15,469
763	44,702	13,229	37,718	50,947	95,649
1,811	13,540	6,339	4,757	11,096	24,636
24,655	45,109	57,468	994	58,462	103,571
1,266	11,175	10,670	5,944	16,614	27,789
51,795	98,717	17,964	63,612	81,576	180,293
682	18,765	1,905	666	2,571	21,336
3,233	21,324	2,567	1,362	3,929	25,253
1,584	44,642	365	110	475	45,117
2,085	58,820	30	-	30	58,850
16,832	103,482	2,301	788	3,089	106,571
865	42,120	8,382	2,093	10,475	52,595
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381,114	3,334,333	438,745	238,659	677,404	4,011,737
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
1,259	39,141	19,260	365	19,625	58,766
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\$ 382,373	\$ 3,373,474	\$ 458,005	\$ 239,024	\$ 697,029	\$ 4,070,503

# ASSOCIATION FOR RETARDED CITIZENS/OUACHITA

## Statements of Cash Flows

	For the Years Ended June 30,	
	2014	2013
<b>Cash Flows From Operating Activities</b>		
Increase in Net Assets	\$ 91,030	\$ 104,857
Adjustments to reconcile increase in net assets to net cash provided (used) by operating activities		
Depreciation	58,766	58,766
Gain on sale of assets	13,971	(500)
Changes in assets and liabilities		
Accounts receivable	14,994	183,227
Other assets	(5,380)	(1,788)
Accounts payable and accrued expenses	(71,232)	42,012
Total Adjustments	11,119	281,717
Net cash provided (used) by operating activities	102,149	386,574
<b>Cash Flows From Investing Activities</b>		
Purchases of fixed assets	(163,579)	(29,450)
Proceeds from sales of assets	700	500
Net cash provided (used) by investing activities	(162,879)	(28,950)
<b>Cash Flows From Financing Activities</b>		
Payments on notes payable	(9,746)	(9,241)
Issuance of long-term debt	-	-
Net cash provided (used) by financing activities	(9,746)	(9,241)
<b>Net Increase (Decrease) in Cash</b>	(70,476)	348,383
<b>Cash at Beginning of Year</b>	657,473	309,090
<b>Cash at End of Year</b>	\$ 586,997	\$ 657,473
<b>Supplemental Disclosures</b>		
Cash paid for interest	\$ 15,171	\$ 15,171
Non-Cash Investing & Operating Activities		
Revenue and expense of non-cash contribution	\$ 89,957	\$ 109,058

The accompanying notes are an integral part of these statements.

**ASSOCIATION FOR RETARDED CITIZENS/OUACHITA**  
**Notes To The Financial Statements**  
**June 30, 2014**

**Note 1 - Description of Organization**

The Association for Retarded Citizens/Ouachita (the Association) dba ARCO was established in 1954 to promote the general welfare of all persons with developmental disabilities within its service area which generally includes the Northeast portion of Louisiana. The programs are designed to assist and train clients to become independent citizens within the Association's service area. The principal programs consist of vocational training, residential living and early intervention.

**Note 2 - Summary of Significant Accounting Policies**

*A. Basis of Presentation*

The financial statements have been prepared on an accrual basis and in conformity with Generally Accepted Accounting Principles (GAAP). The financial statements of the Association are presented as recommended by the Financial Accounting Standards Board in ASC 958-205, *Not For Profit Entities-Presentation of Financial Statements*. Under ASC 958-205, the Association is 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. At June 30, 2014 and 2013, the Association had no permanently restricted net assets. The Association's policy is to first apply restricted resources when an expense is incurred for which both restricted and unrestricted net position is available.

*B. Contributions-Cash*

In accordance with ASC 958-605, *Not For Profit Entities-Revenue Recognition*, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. Under ASC 958-605, such contributions are required to be reported as temporarily restricted support and then reclassified to unrestricted net assets upon satisfaction of the related restrictions.

*C. Contributions-NonCash*

Members, agencies, business firms, volunteers and others contribute substantial services toward the fulfillment of projects initiated by the Association. In addition, substantial goods are donated to the Association's store. No amounts have been recognized in the Statement of Activities for these contributions because the criteria for recognition under ASC 658-605 have not been satisfied. Other non-cash contributions of goods and services including rent have been recognized in the financial statements.

**ASSOCIATION FOR RETARDED CITIZENS/OUACHITA**  
**Notes To The Financial Statements**  
**June 30, 2014**

*D. Allocation and Functional Expenses*

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses that can be identified with a specific program and support service are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated by various statistical bases. The Association records its expenses in several ways: direct, indirect and central office overhead (COO). Direct costs are the total costs of direct support where staff is paid for only that program. Indirect costs are of two types. Level I indirect costs are salary expenses of an employee whose activities are shared between more than one program in the same department. Level II indirect costs are salary expenses shared between more than one department. COO expenses represent the Supporting Services costs.

*E. Programs*

The Association's principal programs and primary funding sources are:

Supported Employment – This income is derived primarily from the Louisiana Department of Health and Hospitals through two Medicaid Waivers, the NOW and the Supports Waiver. These funds are used to train clients in vocational and prevocational activities and supportive services. Also, some income is derived from the Louisiana Workforce Commission, Office of Louisiana Rehabilitative Services which specifically provides vocational training support to clients placed in jobs within the community. Traditionally, Supported Employment also included Day Habilitation but it was separated out beginning July 1, 2012.

Day Habilitation - provides meaningful non-work day activities to men and women and is funded by Medicaid's NOW and Supports Waivers as well.

Supported Work Contracts - Supported Work Contract's income is derived from cleaning and document destruction services by clients and the operations of the Sassy Kats clothing store.

Supported Living - Supported Living's primary income is derived from the Louisiana Department of Health and Hospitals Medicaid NOW Waiver. This home and community based program helps the individual clients become more independent by providing support and training in their personal residences within the community.

**ASSOCIATION FOR RETARDED CITIZENS/OUACHITA**  
**Notes To The Financial Statements**  
**June 30, 2014**

State funds for those without Medicaid Waivers are provided by the Office for Citizens with Developmental Disabilities, and some individuals are private pay.

Mallard Home – Mallard Home’s income is derived from the Louisiana Department of Health and Hospitals Intermediate Care Facility for the Developmentally Disabled (ICF/DD) Medicaid Program. Clients pay a pro-rata share of the costs based on their income. This program provides clients with a home environment within the community and helps them become more independent citizens. Typically, clients in Mallard Home are trained also in the Supported Employment program.

Early Intervention - Early Intervention's income is derived from the Louisiana Department of Health and Hospitals, United Way, grants, non-profit agencies, and charges for therapeutic services (private insurance). This program provides training and therapeutic services to disabled infants, ages 0-3 years. Additionally, ARCO serves a few children over the age of 3 years through private health insurance or private pay.

*F. Land, Buildings and Equipment*

Land, buildings and equipment are stated at cost. All donated capital assets are recorded at fair market value on the date of the donation. The Association capitalizes all property value at \$1,000 or more and an estimated useful life of one year or more. Depreciation is computed on a straight-line basis over the useful lives of the assets using the following estimated lives:

	<u>Years</u>
Buildings	15 - 30
Furniture and Equipment	3 - 10
Vehicles	5

*G. Compensated Absences*

The Association’s vacation policy provides for the carryover of vacation to the subsequent year under special circumstances but that carryover is limited to a ceiling not to exceed 15 days. There was no vacation time to accrue for the years ended June 30, 2014 and 2013. Sick days may be accumulated to a maximum of 10 days; however, employees are not paid for any unused sick days upon termination and therefore an accrual for sick leave is not reflected in the financial statements.

**ASSOCIATION FOR RETARDED CITIZENS/OUACHITA**  
**Notes To The Financial Statements**  
**June 30, 2014**

*H. Tax-Exempt Status*

The Association is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and, therefore, has no provision for Federal income taxes. Contributions to the Association are tax deductible within the limitations prescribed by the Code. The Association is subject to income tax examinations by the IRS and the Louisiana Department of Revenue; however, there are currently no examinations in progress for any tax periods. The Association is subject to income tax examinations for the years ended June 30, 2011, 2012, 2013 and 2014.

*I. Cash and Cash Equivalents and Investments*

For purposes of the Statement of Cash Flows, the Association considers demand deposits, time deposits and certificates of deposit with an original maturity of three months or less to be cash equivalents.

*J. Accounting Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

*K. Subsequent Events*

Management has evaluated subsequent events through January 9, 2015, the date which the financial statements were available to be issued and determined that no events occurred that require disclosure.

**Note 3 - Cash**

The Association's cash (bank balance) at June 30, 2014, was \$660,980 of which \$511,869 was covered by Federal Deposit Insurance Corporation and \$149,111 was unsecured. This is compared with a bank balance at June 30, 2013, of \$617,336 of which \$127,086 was unsecured.

**ASSOCIATION FOR RETARDED CITIZENS/OUACHITA**  
**Notes To The Financial Statements**  
**June 30, 2014**

**Note 4 - Land, Building and Equipment**

Land, Building and Equipment consisted of the following:

	June 30,	
	2014	2013
Buildings and Improvements	\$ 471,574	\$ 446,374
Furniture and Equipment	295,920	201,524
Vehicles	308,301	288,603
Land	98,138	98,138
Less: Accumulated Depreciation	(651,177)	(582,841)
Net Land, Building and Equipment	\$ 522,756	\$ 451,798

Included in vehicles above are three vehicles that cost a total of \$92,923 that were acquired through Federal grants along with 20% matching funds from the Association. The Association retains the use of those vehicles as long as they are kept, maintained and used for the Association's designated purpose. Those vehicles are not to be sold or disposed of either during their useful lives (5 years or 100,000 miles) or without the state's permission; therefore, these vehicles less the related accumulated depreciation of \$92,923 are shown as temporarily restricted. Additionally, the Association paid a down payment of \$5,581 to the state as the match for a van that had not been received as of June 30, 2014.

**Note 5 - Notes Payable**

In January 2013, the Association borrowed \$300,000 for the purchase and modification of a building for Shred operations. The loan bears interest at 5.25% and is payable in 44 monthly installments of \$2,034 and a balloon payment of approximately \$254,000 in January 2016. The loan is secured by real estate. The amortization for this debt is as follows:

Year Ended June 30,	Principal Payments	Interest Payments	Total Payments
2015	10,240	14,173	24,413
2016	259,976	8,087	268,063
Total	\$ 270,216	\$ 22,260	\$ 292,476

**ASSOCIATION FOR RETARDED CITIZENS/OUACHITA**  
**Notes To The Financial Statements**  
**June 30, 2014**

A letter of credit in the amount of \$100,000 was issued by Capital One Bank. It is secured by all funds on deposit with them and provides a variable simple interest rate to be adjusted monthly to one percent (1%) over the Wall Street Journal prime rate. There was no outstanding debt on this line of credit at June 30, 2014. The one year line of credit is subject to automatic annual renewal in December of each year.

**Note 6 - Temporarily Restricted Net Assets**

The following summarizes net assets that are temporarily restricted

	June 30,	
	2014	2013
Accounts Receivable - United Way	\$ 184,583	\$ 181,244
Capital One - Customized Employment Project	22,500	30,000
Cost share of DOTD vehicle	5,581	-
Vehicles - DOTD	92,923	92,923
Less: Accumulated Depreciation	(92,923)	(87,298)
Total	\$ 212,664	\$ 216,869

**Note 7 - Disclosures About Concentrations**

The Association's contracts are primarily with government agencies; therefore, a majority of its revenue and accounts receivable are derived from those sources.

**Note 8 - Operating Leases**

Total rent expense was \$129,609 and \$180,293 for the years ending June 30, 2014 and 2013, respectively. The Association has several lease commitments. However, these leases are either on a month-to-month basis or contain "funding-out" clauses which allow the agreements to be cancelled.

**Note 9 - Commitments and Contingencies**

The Association receives the majority of its revenue based on contracts with various Federal and state agencies. These contracts are subject to review by the respective

**ASSOCIATION FOR RETARDED CITIZENS/OUACHITA**  
**Notes To The Financial Statements**  
**June 30, 2014**

agencies which could result in disallowed costs. Additionally, funding levels are subject to review on a periodic basis by the grantor agencies, which could result in changes in funding levels.

**Note 10 - Tax Deferred Annuity Plan**

The Association offers its employees a tax deferred annuity plan qualified under Section 403(b) of the Internal Revenue Code. The plan covers full-time employees of the Association. The Association will match up to 3% of gross salaries of qualified employees who elect to participate in the plan. Employees may make contributions to the plan up to the maximum amount allowed by the Internal Revenue Code. The Association contributed \$34,772 and \$36,374 on behalf of the participants for the years ended June 30, 2014 and 2013, respectively.

**Note 11 – Related Party**

The Association paid a company owned by a Board Member approximately \$25,000 to repave a parking lot.

**OTHER SUPPLEMENTARY DATA**

**ASSOCIATION FOR RETARDED CITIZENS/OUACHITA**

**Combining Schedule of Financial Position**

**June 30, 2014**

**Schedule 1**

	<u>General</u>	<u>Supported</u>	<u>Day</u>	<u>Supported</u>
	<u>Fund</u>	<u>Employment</u>	<u>Habilitation</u>	<u>Work</u>
				<u>Contracts</u>
<b>Assets</b>				
Cash	\$ 605,841	\$ -	\$ -	\$ 200
Accounts receivable				
Intergovernmental	(45)	41,336	6,154	-
Services	451	968	-	26,158
Contributions	-	-	-	-
United Way	-	21,500	-	-
Other	25,018	(11)	-	-
Due from other funds	516,695	-	-	-
Land, building and equipment	429,955	93,011	51,535	365,113
Accumulated depreciation	(276,135)	(56,804)	(43,677)	(78,881)
Prepaid expenses	5,624	-	-	596
Other deposits	-	-	-	1,043
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total Assets</b>	<b>\$ 1,307,404</b>	<b>\$ 100,000</b>	<b>\$ 14,012</b>	<b>\$ 314,229</b>
<b>Liabilities and net assets</b>				
<b>Liabilities</b>				
Accounts payable	\$ 10,087	\$ (1,596)	\$ 726	\$ 716
Due to other funds	-	83,936	12,510	38,085
Accrued payroll and taxes	36,605	17,660	776	5,212
Deferred revenue	-	-	-	-
Notes payable	-	-	-	270,216
Total liabilities	<u>46,692</u>	<u>100,000</u>	<u>14,012</u>	<u>314,229</u>
<b>Net Assets</b>				
Unrestricted	1,048,048	-	-	-
Temporarily restricted	<u>212,664</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total net assets	<u>1,260,712</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total liabilities and net assets</b>	<b>\$ 1,307,404</b>	<b>\$ 100,000</b>	<b>\$ 14,012</b>	<b>\$ 314,229</b>

<u>Supported Living</u>	<u>Mallard Home</u>	<u>Early Intervention</u>	<u>Total All Funds</u>
\$ -	\$ 140	\$ -	\$ 606,181
198,855	34,354	14,010	294,664
14,438	1,853	-	43,868
-	-	4,356	4,356
-	-	163,083	184,583
-	-	-	25,007
-	-	-	516,695
66,775	133,394	34,150	1,173,933
(60,386)	(102,352)	(32,942)	(651,177)
41	-	-	6,261
5,581	-	-	6,624
<u>\$ 225,304</u>	<u>\$ 67,389</u>	<u>\$ 182,657</u>	<u>\$ 2,210,995</u>
\$ 774	\$ 2,023	\$ (139)	\$ 12,591
150,577	60,366	171,221	516,695
73,953	5,000	11,575	150,781
-	-	-	-
-	-	-	270,216
<u>225,304</u>	<u>67,389</u>	<u>182,657</u>	<u>950,283</u>
-	-	-	1,048,048
-	-	-	212,664
-	-	-	<u>1,260,712</u>
<u>\$ 225,304</u>	<u>\$ 67,389</u>	<u>\$ 182,657</u>	<u>\$ 2,210,995</u>

**ASSOCIATION FOR RETARDED CITIZENS/OUACHITA**

**Combining Schedule of Activities  
For the Year Ended June 30, 2014  
With Comparative Totals for the Year Ended June 30, 2013**

**Schedule 2**

	<u>General Fund</u>	<u>Supported Employment</u>	<u>Day Habilitation</u>	<u>Supportive Work Contracts</u>
<b>Support and Revenue</b>				
Intergovernmental	\$ -	\$ 465,682	\$ 70,582	\$ -
Charges For Services	-	9,730	15,033	242,477
Contributions and Grants	332,043	48,000	-	1,157
United Way Allocation	-	21,500	-	-
Membership Dues	39,521	-	-	-
Contributions and Net Revenues from Special Events				
Contributions	89,454	-	-	-
Costs of Direct Benefit to Donors	(61,294)	-	-	-
Other Revenues	1,283	-	-	784
Total support and revenue	<u>401,007</u>	<u>544,912</u>	<u>85,615</u>	<u>244,418</u>
<b>Expenses</b>				
Depreciation and Amortization	1,355	15,581	5,068	13,943
Dues and Subscriptions	668	1,419	179	509
Food	11,047	1,349	542	427
Insurance	32,931	39,736	6,702	20,963
Interest	-	-	-	14,667
Licenses and Inspections	794	3,143	19	1,521
Maintenance	3,859	16,513	6,903	27,639
Medical	60	2,377	179	743
Miscellaneous	56,095	2,550	1,451	35,780
Office Supplies and Postage	6,335	3,383	330	504
Payroll Taxes	6,453	36,746	3,303	523
Pension	1,421	4,607	469	498
Professional Fees	3,777	9,988	890	-
Public Awareness	9,633	1,982	190	4,365
Rent	10,257	13,768	759	22,558
Salaries	80,886	446,172	39,490	88,781
Supplies	1,148	1,165	2,943	7,417
Telephone	1,968	9,356	999	5,796
Training	418	10,370	319	1
Transportation	-	16,357	4,102	16,040
Travel	2,402	11,422	406	24,465
Utilities	3,030	8,184	3,322	-
Total Expenses	<u>234,537</u>	<u>656,168</u>	<u>78,565</u>	<u>287,140</u>
<b>Excess (Deficiency) of Revenues Over Expenses</b>	166,470	(111,256)	7,050	(42,722)

<u>Supported Living</u>	<u>Mallard Home</u>	<u>Early Intervention</u>	<u>Total June 30,</u>	
			<u>2014</u>	<u>2013</u>
\$ 2,309,979	\$ 165,254	\$ 141,175	\$ 3,152,672	\$ 3,118,394
22,984	18,786	2,877	311,887	287,059
9,616	-	46,206	437,022	303,426
-	-	183,110	204,610	192,541
-	-	-	39,521	56,157
-	-	-	89,454	265,086
-	-	-	(61,294)	(110,033)
-	90	119	2,276	62,730
<u>2,342,579</u>	<u>184,130</u>	<u>373,487</u>	<u>4,176,148</u>	<u>4,175,360</u>
34,929	2,277	4,797	77,950	58,766
4,771	417	1,397	9,360	8,932
3,660	7,814	1,068	25,907	29,999
105,788	15,677	16,777	238,574	181,410
-	-	-	14,667	15,171
7,976	1,303	361	15,117	5,846
32,629	10,257	8,036	105,836	81,046
6,494	3,447	211	13,511	15,469
7,385	19,124	706	123,091	95,649
9,282	700	1,156	21,690	24,636
134,587	9,036	17,797	208,445	224,508
20,678	1,995	5,105	34,773	36,374
58,981	6,840	31,777	112,253	103,571
9,923	482	1,760	28,335	27,789
26,364	2,323	53,579	129,608	180,293
1,616,203	109,390	235,575	2,616,497	2,671,322
2,861	4,023	826	20,383	21,336
8,150	1,323	3,543	31,135	25,253
1,300	23,514	2,811	38,733	45,117
13,639	2,661	1,373	54,172	58,850
68,762	881	17,150	125,488	106,571
16,329	6,761	1,967	39,593	52,595
<u>2,190,691</u>	<u>230,245</u>	<u>407,772</u>	<u>4,085,118</u>	<u>4,070,503</u>
151,888	(46,115)	(34,285)	91,030	17,990

(Continued)

**ASSOCIATION FOR RETARDED CITIZENS/OUACHITA**

**Combining Schedule of Activities (Concluded)  
For the Year Ended June 30, 2014  
With Comparative Totals for the Year Ended June 30, 2013**

**Schedule 2**

	<u>General Fund</u>	<u>Supported Employment</u>	<u>Day Habilitation</u>	<u>Supportive Work Contracts</u>
<b>Other financing sources (uses)</b>				
Operating Transfers In	-	111,256	-	42,722
Operating Transfers (Out)	<u>(75,440)</u>	<u>-</u>	<u>(7,050)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(75,440)</u>	<u>111,256</u>	<u>(7,050)</u>	<u>42,722</u>
<b>Increase (Decrease) in Net Assets</b>	91,030	-	-	-
<b>Net Assets at Beginning of Year</b>	<u>1,169,682</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Assets at End of Year</b>	\$ <u>1,260,712</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

The following central office overhead expenses (COO) have to be reclassified from the various funds above and put in supporting services in order to reconcile to the presentation in the Statement of Activities.

	<u>Total Fund Expenses</u>	<u>COO Expenses</u>	<u>Statement of Activities</u>
<b>Program services</b>			
Supported employment	\$ 656,168	\$ (78,566)	\$ 577,602
Day habilitation	78,565	(6,646)	71,919
Supported work contracts	287,140	-	287,140
Supported living	2,190,691	(284,845)	1,905,846
Community home			
Mallard Home	230,245	(19,777)	210,468
Early Intervention	407,772	(40,414)	367,358
Total program services	\$ <u>3,850,581</u>	\$ <u>(430,248)</u>	\$ <u>3,420,333</u>
<b>Supporting services</b>			
General Fund	234,537	430,248	664,785
Total supporting services	\$ <u>234,537</u>	\$ <u>430,248</u>	\$ <u>664,785</u>

<u>Supported/ Independent Living</u>	<u>Mallard Home</u>	<u>Early Intervention</u>	<u>Total June 30,</u>	
			<u>2014</u>	<u>2013</u>
-	46,115	34,285	234,378	213,942
<u>(151,888)</u>	<u>-</u>	<u>-</u>	<u>(234,378)</u>	<u>(213,942)</u>
<u>(151,888)</u>	<u>46,115</u>	<u>34,285</u>	<u>-</u>	<u>-</u>
-	-	-	91,030	104,857
<u>-</u>	<u>-</u>	<u>-</u>	<u>1,169,682</u>	<u>1,064,825</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,260,712</u>	<u>\$ 1,169,682</u>

**SUPPLEMENTARY INFORMATION**

**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***

**The Board of Directors  
Association for Retarded Citizens/Ouachita  
Monroe, Louisiana**

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 **Association of Retarded Citizens/Ouachita** (a not-for-profit organization – the Association), 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, and have issued our report thereon dated January 9, 2015.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Association'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 Association's internal control. Accordingly, we do not express an opinion on the effectiveness of the Association'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 entity'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.

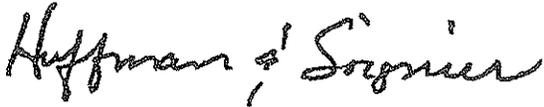
**The Board of Directors  
Association for Retarded Citizens/Ouachita**

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Association'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 organization'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 Association's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Huffman & Sorrier". The signature is written in a cursive, flowing style.

**(A Professional Accounting Corporation)**

**January 9, 2015**