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CALCASIEU ASSOCIATION FOR RETARDED CITIZENS, INC.
FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT
Year Ended June 30, 2009

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 2/10/10

CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	3
FINANCIAL STATEMENTS	
STATEMENT OF FINANCIAL POSITION	4-5
STATEMENT OF ACTIVITIES	6
STATEMENT OF FUNCTIONAL EXPENSES	7-9
STATEMENT OF CASH FLOWS	10
NOTES TO FINANCIAL STATEMENTS	11-19
SUPPLEMENTARY INFORMATION	
SCHEDULE OF SUPPORT, REVENUES, AND EXPENSES - DEPARTMENTALIZED	21-22
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <u>GOVERNMENT AUDITING STANDARDS</u>	23-24



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INDEPENDENT AUDITORS' REPORT

December 2, 2009

To the Board of Directors
Calcasieu Association for
Retarded Citizens, Inc.

We have audited the accompanying statement of financial position of Calcasieu Association for Retarded Citizens, Inc. (a nonprofit organization), as of June 30, 2009, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Calcasieu Association for Retarded Citizens, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Association's June 30, 2008 financial statements and, in our report dated November 5, 2008 expressed an unqualified opinion on those financial statements.

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 Calcasieu Association for Retarded Citizens, Inc. as of June 30, 2009, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated December 2, 2009, on our consideration of Calcasieu 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 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 not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and important for assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on pages 21 and 22 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.

CALCASIEU ASSOCIATION FOR RETARDED CITIZENS, INC.

Statement of Financial Position

June 30, 2009

With Comparative Totals as of June 30, 2008

ASSETS

	<u>2009</u>	<u>2008</u>
CURRENT ASSETS		
Cash and cash equivalent	\$ 1,345,860	\$ 818,104
Investments	1,546,379	1,800,253
Unconditional promises to give	112,390	109,140
Accounts receivable		
Grants and contracts, net	42,064	35,587
Medicaid, net	446,312	442,633
Work Activity, net	123,708	135,216
Client liability, net	4,848	4,789
Other	124,414	43,869
Accrued interest receivable	9,091	13,998
Note receivable-current portion	8,788	8,267
Merchandise inventory	53,387	43,227
Prepaid expenses-other	<u>40,981</u>	<u>27,220</u>
Total current assets	3,858,222	3,482,303
 PROPERTY, PLANT, AND EQUIPMENT		
Land	761,627	560,247
Buildings and improvements	3,134,704	3,051,277
Leasehold improvements	196,385	196,385
Furniture, fixtures, and equipment	1,585,675	1,556,323
Transportation equipment	950,203	1,014,907
Construction in progress	<u>949</u>	<u>8,055</u>
	6,629,543	6,387,194
Less accumulated depreciation	<u>(3,367,004)</u>	<u>(3,195,922)</u>
	3,262,539	3,191,272
 OTHER ASSETS		
Deposits	26,914	6,925
Note Receivable-noncurrent portion	<u>574,861</u>	<u>583,639</u>
	<u>601,775</u>	<u>590,564</u>
	 <u>\$ 7,722,536</u>	 <u>\$ 7,264,139</u>

The accompanying notes are an integral part of this statement.

LIABILITIES AND NET ASSETS

	<u>2009</u>	<u>2008</u>
CURRENT LIABILITIES		
Accounts payable – trade	\$ 49,345	\$ 76,506
Accrued salaries	106,700	104,772
Payroll taxes payable	59,996	14,763
Accrued expenses - other	<u>33,821</u>	<u>54,102</u>
Total current liabilities	249,862	250,143
NET ASSETS		
Unrestricted	7,345,284	6,889,856
Temporarily restricted	<u>127,390</u>	<u>124,140</u>
	<u>7,472,674</u>	<u>7,013,996</u>

\$ 7,722,536

\$ 7,264,139

CALCASIEU ASSOCIATION FOR RETARDED CITIZENS, INC.

Statement of Activities

Year Ended June 30, 2009

With Comparative Totals for the year ended June 30, 2008

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2009 Total</u>	<u>2008 Total</u>
REVENUE, GAINS AND OTHER SUPPORT				
Federal, state and local grants/contracts	\$ 361,404	\$ -	\$ 361,404	\$ 453,390
Medicaid	6,576,543	-	6,576,543	6,142,833
United Way grant	-	224,780	224,780	218,280
Contributions	317,887	-	317,887	303,023
Membership dues	1,265	-	1,265	2,050
Auxiliary activities	1,290,505	-	1,290,505	1,312,635
Other program fees	281,455	-	281,455	302,144
Fund raising	1,148	-	1,148	485
Investment income	(9,035)	-	(9,035)	151,463
Other income	164,329	-	164,329	102,684
Gain on disposal of assets	19,932	-	19,932	4,898
Net assets released from restrictions				
Expiration of time restrictions- United Way	<u>221,530</u>	<u>(221,530)</u>	<u>-</u>	<u>-</u>
TOTAL REVENUES, GAINS AND OTHER SUPPORT	9,226,963	3,250	9,230,213	8,993,885
EXPENSES AND LOSSES				
Program services	8,613,696	-	8,613,696	8,343,953
Supporting services				
Management and general	<u>157,839</u>	<u>-</u>	<u>157,839</u>	<u>197,218</u>
TOTAL EXPENSES AND LOSSES	<u>8,771,535</u>	<u>-</u>	<u>8,771,535</u>	<u>8,541,171</u>
INCREASE IN NET ASSETS	455,428	3,250	458,678	452,714
NET ASSETS AT BEGINNING OF YEAR	<u>6,889,856</u>	<u>124,140</u>	<u>7,013,996</u>	<u>6,561,282</u>
NET ASSETS AT END OF YEAR	<u>\$ 7,345,284</u>	<u>\$ 127,390</u>	<u>\$ 7,472,674</u>	<u>\$ 7,013,996</u>

The accompanying notes are an integral part of this statement.

CALCASIEU ASSOCIATION FOR RETARDED CITIZENS, INC.

Statement of Functional Expenses

Year Ended June 30, 2009

With Comparative Totals for the year ended June 30, 2008

	<u>Program Services</u>		
	<u>Work Activity</u>	<u>Adult Habilitation</u>	<u>Infant Habilitation</u>
Salaries and wages	\$ 689,618	\$ 844,733	\$ 133,349
Payroll taxes	54,056	65,481	10,094
Total salaries and related expenses	743,674	910,214	143,443
Advertising	12,543	19,432	6,235
Bad debts	-	-	-
Central office overhead	206,139	339,236	24,511
Consultants	-	160	-
Contract services	13,961	1,616	-
Day care tuition	-	-	-
Dues and subscriptions	-	1,539	-
Employee benefits	28,472	77,389	14,917
Habilitative services	-	-	-
Insurance	69,192	58,296	1,482
Licenses	3,458	132	-
Medicaid provider fees	-	-	-
Medical	715	-	-
Miscellaneous	5,289	5,328	1,477
Office expense	6,329	249	-
Professional services	42,266	-	-
Purchases-resale items	163,233	-	-
Recreation expense	-	17,708	395
Rent	57,145	-	-
Repairs and maintenance	68,418	29,282	2,742
Seminars	-	462	575
Supplies	93,164	11,452	845
Telephone	5,007	2,825	1,543
Transportation	30,845	73,173	125
Travel	2,454	21,265	19,611
Utilities	62,175	16,293	-
Total expenses before depreciation expense	1,614,479	1,586,051	217,901
Depreciation expense	97,294	83,816	4,018
	<u>\$ 1,711,771</u>	<u>\$ 1,669,867</u>	<u>\$ 221,919</u>

The accompanying notes are an integral part of this statement.

Program Services

Residential Services	Supervised Living	Respite	Eliminations	2009 Total	2008 Total
\$ 777,884	\$ 78,400	\$ 2,119,672	\$ -	\$ 4,643,656	4,383,532
61,764	6,009	170,411	-	367,815	345,954
839,648	84,409	2,290,083	-	5,011,471	4,729,486
92	66	1,435	-	39,803	15,972
-	-	-	-	-	-
394,939	23,110	420,269	-	1,408,204	1,329,348
80,843	6,885	150	-	88,038	52,831
5,596	2,951	23,789	-	47,913	25,607
-	-	-	-	-	-
3,354	333	3,070	-	8,296	10,242
41,067	7,724	21,527	-	191,096	153,513
308,124	-	-	(308,124)	-	-
67,670	2,859	49,979	-	249,478	323,986
3,760	200	200	-	7,750	4,722
186,215	-	-	-	186,215	185,986
2,539	-	-	-	3,254	8,096
23,098	149	37,830	-	73,169	83,364
-	490	-	-	7,068	20,118
-	-	-	-	42,266	40,766
-	-	-	-	163,233	298,157
-	-	-	-	18,103	18,191
-	11,388	-	-	68,533	68,335
16,698	298	515	-	117,953	105,618
-	-	-	-	1,037	5,100
153,940	1,144	2,643	-	263,188	240,484
5,346	1,008	1,306	-	17,035	19,944
19,087	5,161	10	-	128,401	154,644
180	4,334	54,195	-	102,039	77,826
36,356	-	-	-	114,824	125,386
2,188,552	152,509	2,907,001	(308,124)	8,358,367	8,097,722
63,955	6,204	42	-	255,329	246,231
<u>\$ 2,252,507</u>	<u>\$ 158,713</u>	<u>\$ 2,907,043</u>	<u>\$ (308,124)</u>	<u>\$ 8,613,696</u>	<u>\$ 8,343,953</u>

Continued

CALCASIEU ASSOCIATION FOR RETARDED CITIZENS, INC.

Statement of Functional Expenses - Continued

Year Ended June 30, 2009

With Comparative Totals for the year ended June 30, 2008

	<u>Supporting Services</u>	
	<u>Management and General</u>	<u>2008 Total</u>
Salaries and wages	\$ 65,350	\$ 69,083
Payroll taxes	<u>5,261</u>	<u>5,296</u>
Total salaries and related expenses	70,611	74,379
Advertising	34,211	76,146
Bad debts	-	-
Central office overhead	16,671	21,352
Consultants	-	-
Contract services	-	-
Day care tuition	-	-
Dues and subscriptions	750	750
Employee benefits	2,167	3,977
Fundraising	-	-
Habilitative services	-	-
Insurance	7,925	9,166
Licenses	-	-
Medicaid provider fees	-	-
Medical	-	-
Miscellaneous	15,308	6,200
Office expense	109	-
Professional services	-	211
Purchases - resale items	-	-
Recreation	-	-
Rent	-	-
Repairs and maintenance	4,056	772
Seminars	757	1,252
Supplies	663	718
Telephone	-	8
Transportation	-	34
Travel	79	559
Utilities	<u>1,080</u>	<u>277</u>
Total expenses before depreciation expense	154,384	195,801
Depreciation expense	<u>3,452</u>	<u>1,417</u>
	<u>\$ 157,839</u>	<u>\$ 197,218</u>

The accompanying notes are an integral part of this statement.

CALCASIEU ASSOCIATION FOR RETARDED CITIZENS, INC.

Statement of Cash Flows

Year Ended June 30, 2009

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 458,678
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	325,357
Bad debts	-
Gain on the disposition of assets	19,932
Unrealized gain of investments	(22,829)
(Increase) decrease in:	
Accounts receivable	(82,502)
Accrued interest receivable	4,907
Inventory	(10,160)
Deposits and prepaids	(33,750)
Increase (decrease) in:	
Accounts payable - trade	(27,161)
Accrued salaries	1,928
Payroll taxes payable	45,233
Accrued expenses - other	(20,281)
NET CASH FROM OPERATING ACTIVITIES	<u>659,352</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from maturity of investments	946,000
Purchase of investments	(669,297)
Proceeds from receipt of principal	8,257
Proceeds from sale of fixed assets	20,784
Purchases of fixed assets and construction in progress	(437,340)
NET CASH FROM INVESTING ACTIVITIES	<u>(131,596)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	527,756
Cash and cash equivalents, June 30, 2008	<u>818,104</u>
Cash and cash equivalents, June 30, 2009	<u>\$ 1,345,860</u>

The accompanying notes are an integral part of this statement.

CALCASIEU ASSOCIATION FOR RETARDED CITIZENS, INC.

Notes to Financial Statements

June 30, 2009

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Calcasieu Association for Retarded Citizens, Inc. (CARC) is presented to assist in understanding CARC's financial statements. The financial statements and notes are representations of CARC's management, who is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America, which have been consistently applied in the preparation of the financial statements.

1. Nature of Activities

Calcasieu Association for Retarded Citizens, Inc. was organized under Section 501 (c) (3) of the Internal Revenue Code as a nonprofit organization for the purpose of providing the following services to mentally and physically handicapped persons (clients) in Southwest Louisiana:

Work Activity - Clients provide services to area businesses on a contract basis and produce various merchandise for resale to the public.

Adult Habilitation - Adults are taught day to day living skills and work opportunities.

Infant Habilitation - Infants through three years of age are taught basic developmental skills.

Residential Services - The Association maintains six community homes which house six clients each on a "round the clock" supervised basis.

Supervised Independent Living - Clients are placed in local apartments and are supervised on a day-to-day, part-time basis.

Respite Services - The Association provides sitters for parents and guardians of clients.

The majority of the funding for the above programs is provided by Medicaid and the State offices of the Louisiana Department of Health and Hospitals. Without this funding, the Association would be forced to find alternative funding sources in order to maintain operations.

2. Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Continued

CALCASIEU ASSOCIATION FOR RETARDED CITIZENS, INC.

Notes to Financial Statements

June 30, 2009

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, CARC 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.

4. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

5. Cash and Cash Equivalents

The Association considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

6. Investments

Investments consist of U.S. Treasury Notes and Certificate of Deposits with a cost of \$1,624,230 which do not meet the Association's definition of cash equivalents. The investments are carried at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities. Accumulated unrealized depreciation in assets classified as investments at June 30, 2009 was \$77,851.

7. Property, Plant, and Equipment

The Association follows the practice of recording assets at cost or estimated fair value of donated assets at date of donation. All assets with estimated useful lives in excess of one year are capitalized. Depreciation and amortization is provided on the straight-line method at rates calculated to allocate the recorded amounts over the estimated useful lives of the assets. Depreciation and amortization amounted to \$325,357, of which \$66,576 is included in central office overhead expense in the accompanying statement of functional expenses.

Construction in progress of \$949 at June 30, 2009 consists of renovation costs to the Bilbo St. home.

Continued

CALCASIEU ASSOCIATION FOR RETARDED CITIZENS, INC.

Notes to Financial Statements

June 30, 2009

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

8. Expense Allocation

Direct costs are charged directly to the grants and programs in which the expense is incurred or they are allocated to the grants and programs based on the proportion of benefit resulting from the particular expenditure. All other costs not identifiable as direct charges are regarded as "central office overhead" and accumulated in a pool. This pool is distributed monthly to the grants and programs based on the proportion of each grant's/program's direct costs to total direct costs, computed on a monthly basis.

9. Eliminations

For report purposes, all significant inter-departmental accounts and transactions have been eliminated.

10. Income Taxes

The Association is a nonprofit organization under Section 501(c)(3) of the Internal Revenue Code and generally is not subject to income taxes according to the provisions of Federal and Louisiana State income tax laws and regulations. In addition, CARC has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a)(1) of the code.

11. Donated Services

No amounts have been reflected in the statements for donated services inasmuch as no objective basis is available to measure the value of such services; however, a substantial number of volunteers have donated significant amounts of their time to the organization's program services.

12. Designated Net Assets

At its discretion, the Board may designate revenue for specific purposes. Any Board-designated funds would be segregated under the unrestricted net assets.

13. Inventory

Inventory is stated at the lower of cost or market. Cost is determined under the first-in, first-out method of accounting.

14. Advertising Costs

The Association expenses advertising costs as incurred. Expenses incurred were \$84,169 and \$96,535 for 2009 and 2008, respectively.

Continued

CALCASIEU ASSOCIATION FOR RETARDED CITIZENS, INC.

Notes to Financial Statements

June 30, 2009

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

15. Restricted and Unrestricted Revenue and Support

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a 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.

16. Temporarily Restricted Net Assets

Temporarily restricted net assets at June 30, 2009 include the principal amount of a donation received in a prior fiscal year. The donor placed certain stipulations on the use of these funds. As of June 30, 2009, none of the original donation of \$15,000 had been expended.

Also included in temporarily restricted net assets as of June 30, 2009 is the remaining United Way allocation yet to be received for calendar year 2009 amounting to \$112,390.

17. Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

18. Prior year Comparative Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Association's financial statements for the year ended June 30, 2008, from which the summarized information was derived.

19. Subsequent Events

Management has evaluated subsequent events through December 2, 2009, the date the financial statements were available to be issued.

CALCASIEU ASSOCIATION FOR RETARDED CITIZENS, INC.

Notes to Financial Statements

June 30, 2009

NOTE B - CASH AND CASH EQUIVALENTS

As of June 30, 2009, cash and cash equivalents consisted of the following:

Operating accounts, net of outstanding items	\$ 948,023
Mutual funds	<u>397,837</u>
	<u>\$ 1,345,860</u>

All cash deposits in operating accounts and certificates of deposit were fully collateralized at June 30, 2009, either by FDIC limits or by pledged securities. However, a significant risk of loss existed at June 30, 2009 with regard to the monies invested in mutual funds because those funds are not insured against market risk.

NOTE C - ACCOUNTS RECEIVABLE

Accounts receivable amounts in the accompanying statement of financial position are reported net of the following allowance for doubtful accounts:

Contracts	<u>\$ 6,777</u>
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NOTE D - LONG TERM NOTE RECEIVABLE

Louisiana Disabled Persons Finance Corporation (LADPFC):
First Mortgage note; secured by a mortgage lien,
payable in monthly installments of principle and interest
of \$3,751 (interest at 6.25% per annum), maturity at February 2036.

\$ 583,649

Less current maturities

8,788

Long-term note receivable, net of current portion

\$ 574,861

In February of 2006, Louisiana Disabled Persons Finance Corporation paid in full a loan to U.S. Department of Housing and Urban Development. The funding to pay the loan balance was derived from Calcasieu Association for Retarded Citizens (CARC). Interest rate on CARC's thirty year mortgage is to be fixed for five years at 6.25% and terms are to be reviewed at five years (February 2011). The Corporation has signed a use agreement with HUD to abide by HUD regulations, as they apply to this project, and the continued Section 8 contract.

NOTE E - MEDICAID PROVIDER FEE

The Association's residential services program is required, under Louisiana R.S. 46:2601-2605, to pay to the Department of Health and Hospitals a fee per patient day for each bed which is in use or reserved for a patient. The total of such fees for the year ended June 30, 2009 is \$186,215.

CALCASIEU ASSOCIATION FOR RETARDED CITIZENS, INC.

Notes to Financial Statements

June 30, 2009

NOTE F - RELATED PARTY TRANSACTIONS

Included in accounts receivable-other at June 30, 2009 are operating advances to LADPFC of \$51,497 and \$21,028 to Louie Street Apartments, Inc., affiliated non-profit organizations under common board of directors. In addition, Louisiana Disabled Persons Finance Corporation paid \$4,767 and Louie Street Apartments, Inc. paid \$6,537 in management fees to Calcasieu Association for Retarded Citizens, Inc. for the year ended June 30, 2009. Also, see Note D for a loan between LADPFC and CARC. Summarized financial data of Louisiana Disabled Persons Finance Corporation and Louie Street Apartments, Inc. as of and for the year ended June 30, 2009 is as follows:

Louisiana Disabled Person Finance Corporation

Total Assets	\$ 305,234
Total Liabilities	<u>641,319</u>
Net Assets (deficit)	<u>\$ (336,085)</u>
Total Revenue	\$ 101,092
Total Expenses	<u>120,561</u>
Change in Net Assets	<u>\$ (19,469)</u>

Louie Street Apartments, Inc.

Total Assets	\$ 1,576,498
Total Liabilities	<u>1,390,607</u>
Net Assets (deficit)	<u>\$ 185,891</u>
Total Revenue	\$ 154,066
Total Expenses	<u>139,263</u>
Change in Net Assets	<u>\$ 14,803</u>

NOTE G - INVESTMENT INCOME

Investment income included in the statement of activities is summarized as follows:

Interest income	\$ 101,605
Net unrealized loss	<u>(110,640)</u>
Total unrestricted investment income (loss)	<u>\$ (9,035)</u>

CALCASIEU ASSOCIATION FOR RETARDED CITIZENS, INC.

Notes to Financial Statements

June 30, 2009

NOTE H - RETIREMENT PLAN

Effective September 1, 1997, a retirement savings plan and trust for the benefit of eligible employees was adopted. The plan covers substantially all of the employees, with the exception of client employees, of Calcasieu Association for Retarded Citizens, Inc. who have attained the age of 21 and completed one year of service (at least 1,000 hours of service in a plan year). The plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Each participant may elect to have Compensation deferred by up to the maximum percentage allowable not to exceed the limits of Code Sections 401(k), 402(g), 404 and 415. The maximum annual amount that an employee could contribute as an elective deferral for calendar year 2008 was \$15,500 per year. For the year ended June 30, 2009, salary deferrals by eligible participants totaled \$ 106,445. The employer may make a matching contribution to each participant based on the participant's elective deferrals in a percentage set by the employer prior to the end of each plan year. For the year ended June 30, 2009, the Board of Directors adopted an employer contribution of 50% of the first 6% that an employee contributes. Additional amounts may be contributed at the option of the Board of Directors. For the year ended June 30, 2009, the employer match totaled \$36,191.

NOTE I - PROMISES TO GIVE

Unconditional promises to give at June 30, 2009 are as follows:

2008 United Way Allocation	<u>\$ 109,140</u>
Receivable in less than one year	\$ 112,390
Receivable in one to five years	-
Receivable in more than five years	<u>-</u>
Total unconditional promises to give	112,390
Less discounts to net present value	-
Less allowance for uncollectible promises receivable	<u>-</u>
Net unconditional promises to give at June 30, 2009	<u>\$ 112,390</u>

CALCASIEU ASSOCIATION FOR RETARDED CITIZENS, INC.

Notes to Financial Statements

June 30, 2009

NOTE J - CENTRAL OFFICE OVERHEAD

Included in central office overhead expense in the accompanying Statement of Functional Expenses are the following natural expense categories:

Salaries and wages	\$ 851,861
Payroll taxes	<u>64,336</u>
Total salary and related expenses	916,197
Advertising	10,155
Bad debt	-
Bank charges	5,186
Contract services	25,939
Dues and subscriptions	812
Employee benefits	120,824
Insurance	80,233
Licenses	205
Miscellaneous	7,697
Office expense	6,917
Professional services	17,446
Recreation expense	874
Repairs and maintenance	44,948
Seminars	3,354
Supplies	59,032
Telephone	11,003
Transportation	14,820
Travel	3,199
Utilities	<u>28,940</u>
Total expenses before depreciation expense	1,357,781
Depreciation expense	<u>66,576</u>
Total central office overhead	<u>\$ 1,424,357</u>

NOTE K – OPERATING LEASES

The Association leases retail store space for its Treasure Chest store with a base monthly rental amount of \$4,617. This lease expires November 15, 2009. Lease expense amounted to \$56,160 for the year ended June 30, 2009. Minimum lease payments on long-term operating leases by year, and in aggregate, are as follows:

<u>Year ended</u>	
June 30, 2010	\$ 20,777

CALCASIEU ASSOCIATION FOR RETARDED CITIZENS, INC.

Notes to Financial Statements

June 30, 2009

NOTE K – OPERATING LEASES (CONTINUED)

The Association is the lessor of property located at 629 Cusic Street under an operating lease. The lease agreement stipulates a month-to-month lease in the amount of \$700 per month. Following is a summary of property on lease at June 30, 2009:

Cusic Street Home	\$ 64,075
Less: accumulated depreciation	<u>(54,882)</u>
	9,193
Cusic Street Land	<u>11,000</u>
	<u>\$ 20,193</u>

NOTE L – RISK MANAGEMENT

The Association is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Association maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Association. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

SUPPLEMENTARY INFORMATION

CALCASIEU ASSOCIATION FOR RETARDED CITIZENS, INC.

Schedule of Support, Revenues, and Expenses - Departmentalized

Year Ended June 30, 2009

	<u>Central Office</u>	<u>Work Activity</u>	<u>Adult Habilitation</u>	<u>Infant Habilitation</u>
Public support and revenue				
Public support				
Federal, state and local grants/contracts	\$ -	\$ -	\$ 172,187	\$ 80,053
Medicaid	-	-	1,157,718	-
United Way grant	-	58,200	43,200	123,380
Contributions	<u>12,141</u>	<u>305,190</u>	-	<u>375</u>
Total public support	12,141	363,390	1,373,105	203,808
Revenue				
Membership dues	1,265	-	-	-
Other program fees	11,303	-	308,124	-
Fund raiser income	1,148	-	-	-
Auxiliary activities	-	1,290,505	-	-
Investment income (loss)	(9,035)	-	-	-
Other income	4,750	113,934	464	8,400
Gain on disposition of assets	<u>(852)</u>	<u>1,500</u>	<u>300</u>	<u>18,984</u>
Total revenue	<u>8,579</u>	<u>1,405,939</u>	<u>308,888</u>	<u>27,384</u>
Total public support and revenue	20,720	1,769,329	1,681,993	231,192
Expenses and losses				
Program services	-	1,711,771	1,669,867	221,919
Supporting services				
Management and general	<u>157,839</u>	-	-	-
Total expenses and losses	<u>157,839</u>	<u>1,711,771</u>	<u>1,669,867</u>	<u>221,919</u>
Excess (deficiency) of public support and revenue over expenses	<u>\$ (137,119)</u>	<u>\$ 57,558</u>	<u>\$ 12,126</u>	<u>\$ 9,273</u>

<u>Residential Services</u>	<u>Supervised Independent Living</u>	<u>Respite</u>	<u>Eliminations</u>	<u>Total</u>
\$ -	\$ 25,976	\$ 83,188	\$ -	\$ 361,404
1,995,788	258,942	3,164,095	-	6,576,543
-	-	-	-	224,780
<u>181</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>317,887</u>
1,995,969	284,918	3,247,283	-	7,480,614
-	-	-	-	1,265
270,152	-	-	(308,124)	281,455
-	-	-	-	1,148
-	-	-	-	1,290,505
-	-	-	-	(9,035)
14,010	12,421	10,350	-	164,329
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,932</u>
<u>284,162</u>	<u>12,421</u>	<u>10,350</u>	<u>(308,124)</u>	<u>1,749,599</u>
2,280,131	297,339	3,257,633	(308,124)	9,230,213
2,252,507	158,713	2,907,043	(308,124)	8,613,696
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>157,839</u>
<u>2,252,507</u>	<u>158,713</u>	<u>2,907,043</u>	<u>(308,124)</u>	<u>8,771,535</u>
<u>\$ 27,624</u>	<u>\$ 138,626</u>	<u>\$ 350,590</u>	<u>\$ -</u>	<u>\$ 458,678</u>



GRAGSON, CASIDAY & GUILLORY, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

W. GEORGE GRAGSON, C.P.A.
RICHARD W. CASIDAY, C.P.A.
RAYMOND GUILLORY, JR., C.P.A.
GRAHAM A. PORTUS, E.A.
COY T. VINCENT, C.P.A.
MICHELLE LEE, C.P.A.
BRADLEY J. CASIDAY, C.P.A., C.V.A.
JULIA W. PORTUS, C.P.A.

INDEPENDENT AUDITORS' 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

December 2, 2009

To the Board of Directors
Calcasieu Association for
Retarded Citizens, Inc.

We have audited the financial statements of Calcasieu Association for Retarded Citizens, Inc. as of and for the year ended June 30, 2009, and have issued our report thereon dated December 2, 2009. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Calcasieu Association for Retarded Citizens, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures 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 Calcasieu Association for Retarded Citizens, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Association's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the Association's financial statements that is more than inconsequential will not be prevented or detected by the Association's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as identified above.

Calcasieu Association for
Retarded Citizens, Inc.
December 2, 2009
Page Two

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Calcasieu 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 or other matters that are required to be reported under Government Auditing Standards.

This report is intended for the information and use of the Board of Directors, management and others within the organization, awarding agencies, and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

