

**LAFAYETTE ASSOCIATION FOR  
RETARDED CITIZENS, INC.  
Lafayette, Louisiana**

**AUDIT REPORT  
June 30, 2011**

**AULD & ASSOCIATES  
Certified Public Accountants  
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# AULD & ASSOCIATES

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## INDEPENDENT AUDITORS' REPORT

The Board of Directors  
Lafayette Association for  
Retarded Citizens, Inc.  
Lafayette, Louisiana

We have audited the accompanying statement of financial position of Lafayette Association for Retarded Citizens, Inc., (a nonprofit organization) as of June 30, 2011, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe 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 Lafayette Association for Retarded Citizens, Inc., as of June 30, 2011, 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 our report dated November 29, 2011, 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 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 should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements of Lafayette Association for Retarded Citizens, Inc., taken as a whole. The schedule of activities by component is presented for purposes of additional analysis and is 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 audit 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 respects in relation to the financial statements taken as a whole.

AULD & ASSOCIATES

A handwritten signature in blue ink, appearing to read "Auld & Associates", written over a horizontal line.

Certified Public Accountants

Lafayette, Louisiana  
November 29, 2011

LAFAYETTE ASSOCIATION FOR RETARDED CITIZENS, INC.  
Lafayette, Louisiana  
STATEMENT OF FINANCIAL POSITION  
June 30, 2011

ASSETS

CURRENT ASSETS		
Cash	\$ 697,748	
Accrued Interest Receivable	1,431	
Accounts Receivable (net of allowance for doubtful accounts of \$5,000)	805,813	
Inventory	8,225	
Deposits	30,135	
Prepaid Expenses	<u>4,500</u>	
Total Current Assets		\$1,547,852
OTHER ASSETS		
Certificates of Deposit		2,418,168
PLANT ASSETS		
Buildings	\$5,192,945	
Furniture and Fixtures	90,897	
Machinery and Equipment	685,163	
Transportation Equipment	697,718	
Land	<u>112,099</u>	
Totals	\$6,778,822	
Less: Accumulated Depreciation	<u>4,067,854</u>	
Total Plant Assets		<u>2,710,968</u>
TOTAL ASSETS		<u>\$6,676,988</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts Payable	\$ 55,701	
Accrued Payroll and Payroll Taxes	133,675	
Deferred Revenue	<u>24,650</u>	
Total Current Liabilities		\$ 214,026
NET ASSETS		
Unrestricted		
Operating	\$3,751,994	
Plant Assets	<u>2,710,968</u>	
Total Net Assets		<u>6,462,962</u>
TOTAL LIABILITIES AND NET ASSETS		<u>\$6,676,988</u>

See accountants' report and accompanying notes to financial statements.

LAFAYETTE ASSOCIATION FOR RETARDED CITIZENS, INC.  
Lafayette, Louisiana  
STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2011

		<u>Unrestricted Net Assets</u>
<b>REVENUE AND PUBLIC SUPPORT</b>		
Revenue		
Program Revenues	\$5,729,819	
Interest Income	34,943	
Membership Dues	2,758	
Other Revenue	1,923	
Loss on Disposition of Assets	<u>(7,229)</u>	
Total Revenue		\$5,762,214
Public Support		
Contributions	\$ 215,994	
Special Events	<u>459,191</u>	
Total Public Support		<u>675,185</u>
<b>TOTAL REVENUE AND PUBLIC SUPPORT</b>		<b><u>\$6,437,399</u></b>
<b>FUNCTIONAL EXPENSES</b>		
Program Services		
Vocational Services	\$2,433,854	
Residential Services	1,687,025	
Community Supports and Services	1,239,445	
Acadian Village	<u>241,989</u>	
Total Program Services		\$5,602,313
Supporting Services		
Management and General	\$ 704,779	
Fund-raising	<u>236,128</u>	
Total Supporting Services		<u>940,907</u>
<b>TOTAL FUNCTIONAL EXPENSES</b>		<b><u>\$6,543,220</u></b>
<b>DECREASE IN NET ASSETS</b>		<b>\$ (105,821)</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>		<b><u>6,568,783</u></b>
<b>NET ASSETS, END OF YEAR</b>		<b><u>\$6,462,962</u></b>

See accountants' report and accompanying notes to financial statements.

LAFAYETTE ASSOCIATION FOR RETARDED CITIZENS, INC.  
Lafayette, Louisiana  
STATEMENT OF FUNCTIONAL EXPENSES  
For the Year Ended June 30, 2011

	PROGRAM SERVICES					SUPPORTING SERVICES			TOTALS
	Vocational Services	Residential Services	Community Supports and Services	Acadian Village	Total Program Services	Management & General	Fund-raising		
Salaries	\$1,247,913	\$ 933,600	\$992,615	\$ 67,786	\$3,241,914	\$386,908	\$76,212	\$3,705,034	
Client Salaries	335,068				335,068			335,068	
Payroll Taxes	123,420	76,259	83,496	5,460	288,635	29,767	5,848	324,250	
Employee Benefits	121,188	50,988	20,601	3,793	196,570	32,049	5,431	234,050	
Pension Plan Contribution	11,988	7,217	1,983	1,500	22,688	11,193		33,881	
<b>TOTAL SALARIES &amp; RELATED EXPENSES</b>	<b>\$1,839,577</b>	<b>\$1,068,064</b>	<b>\$1,098,695</b>	<b>\$ 78,539</b>	<b>\$4,084,875</b>	<b>\$459,917</b>	<b>\$87,491</b>	<b>\$4,632,283</b>	
Cost of Goods Sold				28,466	28,466			28,466	
Work Activity Expense	49,137				49,137			49,137	
Insurance	131,952	59,697	38,163	23,188	253,000	18,251	2,005	273,256	
Professional Services	4,477	101,692	1,654	508	108,331	46,059		154,390	
Utilities & Garbage	35,441	41,829	7,254	22,421	106,945	7,921		114,866	
Food	9,897	59,438	5,104		74,439			74,439	
Supplies	30,844	51,541	21,753	6,272	110,410	16,701	2,472	129,583	
Repairs & Maintenance	12,162	8,619	1,415	33,499	55,695	31,894		87,589	
Vehicle Repairs & Maintenance	44,879	6,290	391		51,560	2,134		53,694	
Fuel	103,303	10,960	1,050	909	116,222	2,391		118,613	
Telephone	7,316	8,075	4,734	5,931	26,056	10,093		36,149	
Travel	5,936	3,602	30,675	932	41,145	12,788	1,399	55,332	
Conferences	1,823	1,235	1,561		4,619	2,327		6,946	

See accountants' report and accompanying notes to financial statements.

LAFAYETTE ASSOCIATION FOR RETARDED CITIZENS, INC.  
Lafayette, Louisiana  
STATEMENT OF FUNCTIONAL EXPENSES  
For the Year Ended June 30, 2011

	PROGRAM SERVICES					SUPPORTING SERVICES			TOTALS
	Vocational Services	Residential Services	Community Supports and Services	Acadian Village	Total Program Services	Management & General	Fund-raising		
Taxes & Licenses		187,621	1,200		188,821			188,821	
Postage	247	235	814	37	1,333	2,044	97	3,474	
Advertising & Marketing	611		856	1,324	2,791	2,550	9,541	14,882	
Dues & Subscriptions	658	1,208	1,408	850	4,124	3,660		7,784	
Performers & Concessions				6,630	6,630			6,630	
Interest Expense					0	908		908	
Rent & Leases	60,371	5,366	2,240		67,977	10,741		78,718	
Employee Incentives					0	5,074		5,074	
Bank Charges				4,679	4,679	4,836		9,515	
Christmas Program					0		123,174	123,174	
Miscellaneous Expense	2,414	2,637	2,522	1,020	8,593	10,579		19,172	
<b>TOTAL FUNCTIONAL EXPENSES BEFORE DEPRECIATION</b>	<b>\$2,341,045</b>	<b>\$1,618,109</b>	<b>\$1,221,489</b>	<b>\$215,205</b>	<b>\$5,395,848</b>	<b>\$650,868</b>	<b>\$226,179</b>	<b>\$6,272,895</b>	
Depreciation	92,809	68,916	17,956	26,784	206,465	53,911	9,949	270,325	
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>\$2,433,854</b>	<b>\$1,687,025</b>	<b>\$1,239,445</b>	<b>\$241,989</b>	<b>\$5,602,313</b>	<b>\$704,779</b>	<b>\$236,128</b>	<b>\$6,543,220</b>	

See accountants' report and accompanying notes to financial statements.

LAFAYETTE ASSOCIATION FOR RETARDED CITIZENS, INC.  
Lafayette, Louisiana  
STATEMENT OF CASH FLOWS  
For the Year Ended June 30, 2011

CASH FLOWS FROM OPERATING ACTIVITIES	
Decrease in Net Assets	\$ (105,821)
Adjustments to Reconcile Increase in Net Assets to	
Net Cash Provided by Operating Activities	
Depreciation	270,325
Loss on Disposition of Assets	7,229
Non-Cash Contributions	(90,323)
(Increase) Decrease in Operating Assets	
Accrued Interest Receivable	3,458
Accounts Receivable	(35,138)
Contributions Receivable	6,000
Inventory	7,720
Work in Progress	7,000
Deposits	1,399
Increase (Decrease) in Operating Liabilities	
Accounts Payable	(7,353)
Accrued Payroll and Payroll Taxes	18,321
Deferred Revenue	<u>15,950</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 98,767</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Redemption of Certificates of Deposit	\$ 794,998
Purchase of Certificates of Deposit	(918,166)
Proceeds from Sale of Assets	39,339
Payments for Property and Equipment	<u>(749,442)</u>
NET CASH USED BY INVESTING ACTIVITIES	<u>\$ (833,271)</u>
NET DECREASE IN CASH	\$ (734,504)
CASH AT BEGINNING OF YEAR	<u>1,432,252</u>
CASH AT END OF YEAR	<u>\$ 697,748</u>
SUPPLEMENTAL DISCLOSURES	
Non-Cash Investing and Financing Activities	
Property and Equipment acquired with non-cash contributions	<u>\$ 90,323</u>
Interest Paid	<u>\$ 908</u>

See accountants' report and accompanying notes to financial statements.

LAFAYETTE ASSOCIATION FOR RETARDED CITIZENS, INC.  
Lafayette, Louisiana  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2011

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

NATURE OF ACTIVITIES

The Association administers programs for the benefit of retarded citizens in an eight-parish area of Southwest Louisiana. Funding of these programs is primarily from governmental sources. Also, the Association operates Acadian Village, a living museum visited by tourists and used by the community for public events. The Village primarily generates revenue by admission, gift shop sales, and rental of its facilities. The Village employs the clients of the Association to maintain and operate the facility as a part of the work activity programs.

FINANCIAL STATEMENT PRESENTATION

The financial statements of the Association are prepared on the accrual basis of accounting. This means revenues are recognized when earned and expenses are recognized when incurred. Also, the financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in its Accounting Standards Codification (ASC) Topic 958, *Not-for-Profit Entities*.

PLANT ASSETS

Plant assets are stated at cost or, if donated, at fair market value at date of receipt. The Association capitalizes all plant assets with a cost, or value if donated, in excess of \$500. Depreciation is calculated on a straight-line basis over estimated useful lives ranging from four to thirty years. Depreciation expense for the year ended June 30, 2011, is \$270,325. The Association has historical buildings in the amount of \$284,930 which are exempt from depreciation under FASB ASC 958-360-35-3.

CASH AND CASH EQUIVALENTS

For purposes of the Statement of Cash Flows, currency, demand deposits, and repurchase agreements are considered cash.

ACCOUNTS RECEIVABLE

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible accounts through an adjustment to earnings and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Changes in the valuation allowance have not been material to the financial statements.

USE OF ESTIMATES

Financial statements are prepared in conformity with generally accepted accounting principles. These principles require management to make estimates and assumptions affecting certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### INCOME TAX STATUS

The Association is exempt from federal income tax under Internal Revenue Code Section 501(c)(3). It is not a private foundation under Section 509(a)(2) of the Internal Revenue Code.

#### FUNCTIONAL EXPENSE ALLOCATIONS

A summary of the costs of providing various program and supporting services is in the statement of functional expenses. Accordingly, certain costs are allocated between the programs and supporting services benefited.

#### CONTRIBUTED SERVICES

Many volunteers have donated significant amounts of time to the Association's special events. No amounts are recognized in the statement of activities because the criteria for recognition under FASB ASC 958-605-25-16 have not been satisfied.

#### INVENTORY

Inventory of Acadian Village Store merchandise is valued at the lower of cost or market. Cost is determined on the first-in, first-out method.

#### ADVERTISING COSTS

Advertising costs of \$14,882 were expensed as incurred.

#### EVALUATION OF SUBSEQUENT EVENTS

Subsequent events and transactions were evaluated for potential recognition or disclosure in the financial statements through November 29, 2011, the date the financial statements were available to be issued.

#### NOTE 2 - CONCENTRATIONS OF CREDIT RISK

The Association maintains cash in several accounts at several local banks. Cash at these institutions exceeded federally insured limits. The amount in excess of federal insurance limits totaled \$498,580 at June 30, 2011. One financial institution has pledged \$110,774 of U. S. government agency securities as collateral to cover the excess.

Credit risk with respect to accounts receivable is limited because approximately 90% of the balances are receivable from governmental sources.

#### NOTE 3 - CHANGE IN ACCOUNTING ESTIMATE

The useful lives of several depreciable assets were changed during the year ended June 30, 1998. The effect of these changes was to increase depreciation expense and thereby decrease net assets by \$21,156 for the current year.

#### NOTE 4 - LABOR UNION

Approximately seventy-nine (79%) of employees are covered by a collective bargaining agreement with Local 100, Service Employees International Union of the AFL-CIO (the Union). The collective bargaining agreement expires November 15, 2013. In the Association's opinion, the collective bargaining agreement will have no material adverse effect on operations.

#### NOTE 5 - RISKS AND UNCERTAINTIES

The State of Louisiana is the primary source of revenue for the Association. In the future, financial problems of the State of Louisiana may result in reduced funding. It is possible certain programs may be severely affected by these declining revenues. However, management believes changes can be incorporated into the continuing operations without a catastrophic result.

#### NOTE 6 - GIFTS OF FUTURE INTERESTS

Certain individuals have named the Association as a charitable beneficiary to their estate. In some cases, restrictions apply to the use of these future funds. However, the Association has no future guarantee to the use or access of these assets. The Association's right as a beneficiary, and the economic value, is subject to potential change.

#### NOTE 7 - EMPLOYEE BENEFIT PLAN

The Association maintains a qualified defined contribution profit sharing plan with a 401(k) deferred compensation provision. All employees who are at least 21 years of age and have completed one year of service including a minimum of 1,000 hours of service are eligible to participate in the plan. The plan provides for partial vesting of employer contributions after two years and full vesting after four years of service. Employee contributions are 100% vested. Employees may contribute up to 15% of their pretax income. The Association's contribution is discretionary and is determined annually by the Board of Directors. A discretionary contribution of \$32,331 was made for the year ended June 30, 2011.

#### NOTE 8 - LEASES

The Association subleases retail space under a sublease agreement which began November 1, 2009, and ended October 31, 2010, payable in monthly installments of \$4,500. The lease automatically renewed on November 1, 2010, and expired on October 31, 2011. Rent expense for the year ended June 30, 2011, is \$54,000.

The Association leases four copiers and a mailing system under operating leases expiring between March, 2012, and October, 2015. In the normal course of business, operating leases are generally renewed or replaced by other leases. Total lease expense for the year ended June 30, 2011, is \$24,718.

Minimum future rental payments under noncancelable operating leases for each of the next five years and in the aggregate are:

Year Ending June 30, 2012	\$17,833
Year Ending June 30, 2013	13,009
Year Ending June 30, 2014	10,969
Year Ending June 30, 2015	10,017
Year Ending June 30, 2016	<u>2,764</u>
Total minimum future rental payments	<u>\$54,592</u>

#### NOTE 9 - RELATED PARTY TRANSACTIONS

The Association received contributions totaling \$31,512 from the Foundation for Retarded Citizens, Inc. The Foundation was established to receive, invest, and distribute funds in furtherance of the purposes of LARC. The membership of the Foundation for Retarded Citizens is comprised of LARC's Board of Directors. The Foundation's Board of Directors includes LARC's Board President and Treasurer and three members of the community appointed by LARC's Board of Directors.

LAFAYETTE ASSOCIATION FOR RETARDED CITIZENS, INC.  
Lafayette, Louisiana  
SCHEDULE OF ACTIVITIES BY COMPONENT  
For the Year Ended June 30, 2011

	PROGRAM SERVICES				SUPPORTING SERVICES		TOTALS
	Vocational Services	Residential Services	Community Supports and Services	Acadian Village	Total Program Services	Management & General	
<b>REVENUE &amp; SUPPORT</b>							
Program Revenue	\$2,181,046	\$2,122,787	\$1,212,091	\$213,895	\$5,729,819		\$5,729,819
Christmas Program						\$459,191	459,191
Other	147,237	7,217	1,662	10,531	166,647	\$ 81,742	248,389
<b>TOTAL REVENUE &amp; SUPPORT</b>	<b>\$2,328,283</b>	<b>\$2,130,004</b>	<b>\$1,213,753</b>	<b>\$224,426</b>	<b>\$5,896,466</b>	<b>\$ 81,742</b>	<b>\$6,437,399</b>
<b>EXPENSES</b>							
Salaries	\$1,247,913	\$ 933,600	\$ 992,615	\$ 67,786	\$3,241,914	\$386,908	\$3,705,034
Client Salaries	335,068				335,068		335,068
Payroll Taxes	123,420	76,259	83,496	5,460	288,635	29,767	324,250
Employee Benefits	121,188	50,988	20,601	3,793	196,570	32,049	234,050
Pension Plan Contribution	11,988	7,217	1,983	1,500	22,688	11,193	33,881
Cost of Goods Sold				28,466	28,466		28,466
Work Activity Expense	49,137				49,137		49,137
Insurance	131,952	59,697	38,163	23,188	253,000	18,251	273,256
Professional Services	4,477	101,692	1,654	508	108,331	46,059	154,390
Utilities & Garbage	35,441	41,829	7,254	22,421	106,945	7,921	114,866
Food	9,897	59,438	5,104		74,439		74,439
Supplies	30,844	51,541	21,753	6,272	110,410	16,701	129,583
Repairs & Maintenance	12,162	8,619	1,415	33,499	55,695	31,894	87,589
Vehicle Repairs & Maintenance	44,879	6,290	391		51,560	2,134	53,694

See accountants' report and accompanying notes to financial statements.

LAFAYETTE ASSOCIATION FOR RETARDED CITIZENS, INC.  
 Lafayette, Louisiana  
 SCHEDULE OF ACTIVITIES BY COMPONENT  
 For the Year Ended June 30, 2011

	PROGRAM SERVICES					SUPPORTING SERVICES			TOTALS
	Vocational Services	Residential Services	Community Supports and Services	Acadian Village	Total Program Services	Management & General	Fund-raising		
Fuel	103,303	10,960	1,050	909	116,222	2,391		118,613	
Telephone	7,316	8,075	4,734	5,931	26,056	10,093		36,149	
Travel	5,936	3,602	30,675	932	41,145	12,788	1,399	55,332	
Conferences	1,823	1,235	1,561		4,619	2,327		6,946	
Taxes & Licenses		187,621	1,200		188,821			188,821	
Postage	247	235	814	37	1,333	2,044	97	3,474	
Advertising & Marketing	611		856	1,324	2,791	2,550	9,541	14,882	
Dues & Subscriptions	658	1,208	1,408	850	4,124	3,660		7,784	
Performers & Concessions				6,630	6,630			6,630	
Interest Expense					0	908		908	
Rent & Leases	60,371	5,366	2,240		67,977	10,741		78,718	
Employee Incentives					0	5,074		5,074	
Bank Charges				4,679	4,679	4,836		9,515	
Christmas Program					0		123,174	123,174	
Miscellaneous Expense	2,414	2,637	2,522	1,020	8,593	10,579		19,172	
Depreciation	92,809	68,916	17,956	26,784	206,465	53,911	9,949	270,325	
<b>TOTAL EXPENSES</b>	<b>\$2,433,854</b>	<b>\$1,687,025</b>	<b>\$1,239,445</b>	<b>\$241,989</b>	<b>\$5,602,313</b>	<b>\$ 704,779</b>	<b>\$236,128</b>	<b>\$6,543,220</b>	
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<b>\$ (105,571)</b>	<b>\$ 442,979</b>	<b>\$ (25,692)</b>	<b>\$ (17,563)</b>	<b>\$ 294,153</b>	<b>\$ (623,037)</b>	<b>\$223,063</b>	<b>\$ (105,821)</b>	

See accountants' report and accompanying notes to financial statements.

# AULD & ASSOCIATES

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## 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

The Board of Directors  
Lafayette Association for  
Retarded Citizens, Inc.  
Lafayette, Louisiana

We have audited the financial statements of Lafayette Association for Retarded Citizens, Inc., (a nonprofit organization) as of and for the year ended June 30, 2011, and have issued our report thereon, dated November 29, 2011. 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 the Association'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 Association'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 *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 Association's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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 defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Association's financial statements are free of 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*.

This report is intended solely for the information and use of the Board of Directors and Management of Lafayette Association for Retarded Citizens, Inc., applicable state and federal agencies, and the Louisiana Legislative Auditor. This report 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 Louisiana Legislative Auditor as a public document.

AULD & ASSOCIATES

A handwritten signature in blue ink, appearing to read "Auld & Assoc.", is written over the printed name.

Certified Public Accountants

Lafayette, Louisiana  
November 29, 2011