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**FRANKLINTON ASSOCIATION  
FOR CHALLENGED CITIZENS, INC.**  
FRANKLINTON, LOUISIANA

**ANNUAL FINANCIAL REPORT**

June 30, 2000 and 1999

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 2-28-01

*Leroy J. Chustz*  
Certified Public Accountant, APAC

FRANKLINTON ASSOCIATION  
FOR CHALLENGED CITIZENS, INC.  
Franklinton, Louisiana

ANNUAL FINANCIAL REPORT

JUNE 30, 2000 and 1999

FRANKLINTON ASSOCIATION FOR CHALLENGED CITIZENS, INC.  
 Franklinton, Louisiana  
 June 30, 2000 and 1999

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the  
Franklinton Association for Challenged Citizens, Inc.  
Franklinton, Louisiana

I have audited the accompanying balance sheets of the **Franklinton Association for Challenged Citizens, Inc.** (a nonprofit organization), Franklinton, Louisiana, as of June 30, 2000 and 1999, and the related statements of revenues, expenses and changes in net assets and the statements of cash flows for the years then ended. These financial statements are the responsibility of the Association's management. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with generally accepted auditing standards and *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that I plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, financial statements referred to above present fairly, in all material respects, the financial position of Franklinton Association for Challenged Citizens, Inc., as of June 30, 2000 and 1999, and the results of its operations and changes in net assets for the years then ended, in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, I have also issued my report dated November 13, 2000, on my consideration of Franklinton Association for Challenged Citizens, Inc.'s internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

*Leroy J. Chustz*  
Certified Public Accountant, APAC  
November 13, 2000

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

**Franklinton Association for Challenged Citizens, Inc.  
Franklinton, Louisiana**

I have audited the financial statements of **Franklinton Association for Challenged Citizens, Inc.**, as of June 30, 2000 and 1999, and have issued my report thereon dated November 13, 2000. I conducted my audits in accordance with generally accepted auditing standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Franklinton Association for Challenged Citizens, Inc.'s, financial statements are free of material misstatement, I performed tests of 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing my audits, I considered Franklinton Association for Challenged Citizens, Inc.'s, internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended solely for the information and use of Franklinton Association for Challenged Citizens, Inc.'s management, and federal awarding agencies and the Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties.

*Leroy J. Chustz*

Certified Public Accountant, APAC  
November 13, 2000

**FRANKLINTON ASSOCIATION FOR CHALLENGED  
CITIZENS, INC.  
BALANCE SHEETS  
June 30, 2000 and 1999**

	<u>2000</u>	<u>1999</u>
<b>CURRENT ASSETS</b>		
Cash and equivalents	\$ 217,147.90	\$ 128,854.14
Accounts receivable	36,451.09	20,935.55
Unconditional promises to give: State of Louisiana contracts		14,406.35
 Total current assets	<b>253,598.99</b>	<b>164,196.04</b>
<b>FIXED ASSETS</b>		
Leasehold improvements	14,767.92	14,767.92
Office furniture and fixtures	45,973.87	45,239.36
Trucks and vans	172,450.95	98,365.12
Depreciation trucks & vans	(157,382.75)	(152,693.07)
 Total fixed assets	<b>75,809.99</b>	<b>5,679.33</b>
 Total Assets	<b>\$ 329,408.98</b>	<b>\$ 169,875.37</b>
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 12,107.38	\$ 10,548.95
Notes payable	35,977.66	
 Total current liabilities	<b>48,085.04</b>	<b>10,548.95</b>
<b>LONG-TERM LIABILITIES</b>		
Notes payable	32,536.37	
 Total long-term liabilities	<b>32,536.37</b>	
<b>NET ASSETS</b>		
Unrestricted	248,787.57	159,326.42
 Total Liabilities and Net Assets	<b>\$ 329,408.98</b>	<b>\$ 169,875.37</b>

See accompanying notes to the financial statements.

**FRANKLINTON ASSOCIATION FOR CHALLENGED  
CITIZENS, INC.**

**STATEMENTS OF ACTIVITIES**

For the Years Ended June 30, 2000 and 1999

	<u>2000</u>	<u>1999</u>
<b>UNRESTRICTED NET ASSETS</b>		
<b>SUPPORT AND REVENUE</b>		
State grant	\$ 198,611.89	\$ 204,846.00
Medicaid	40,308.83	26,110.01
Provider contracts	139,567.00	138,192.30
Supportive services	503,046.32	347,423.41
Self-generated	72,009.71	69,039.80
Donations	4,404.32	34.28
Other revenue	1,280.86	1,175.47
	<hr/>	<hr/>
Total unrestricted support	\$ 959,228.93	\$ 786,821.27
<b>EXPENSES</b>		
Salaries, wages and benefits	\$ 630,998.73	\$ 497,845.11
Supplies for activities and projects	42,244.55	34,040.73
Travel and transportation	34,271.82	31,064.89
Insurance	30,927.12	33,623.63
Client payroll and training	19,059.38	17,707.47
Depreciation expense	4,691.46	8,460.55
Telephone and utilities	19,023.18	12,602.30
Accounting and legal services	15,609.49	15,404.50
Maintenance and repairs	9,062.33	4,554.51
Cleaning and maintenance supplies	6,315.31	8,122.64
Office supplies	7,439.77	5,222.00
Rent	13,344.66	5,796.46
Dues	30.00	
Client evaluations	2,383.50	1,167.50
Licenses	740.00	150.00
Professional fees	790.00	
Staff training	1,188.67	518.69
Postage	730.60	106.38
Interest expense	947.44	(620.45)
Other	29,969.77	7,356.95
	<hr/>	<hr/>
Total expenses	\$ 869,767.78	\$ 684,364.76
Increases (Decreases) in unrestricted net assets	89,461.15	102,456.51
Gain on sale of assets		146.32
Net Assets at beginning of year	<hr/>	<hr/>
	159,326.42	56,723.59
Net Assets at end of year	<hr/>	<hr/>
	\$ 248,787.57	\$ 159,326.42

See accompanying notes to financial statements.

**FRANKLINTON ASSOCIATION FOR  
CHALLENGED CITIZENS, INC.  
STATEMENTS OF CASH FLOWS  
For the years ended June 30, 2000 and 1999**

	2000	1999
<b>Operating Activities</b>		
Change in net assets	<b>\$89,461.15</b>	<b>\$102,456.51</b>
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	4,691.46	8,460.55
Receivables	(1,109.19)	(11,844.12)
Accounts payable	1,558.43	(1,312.16)
Accrued payables		(300.00)
Net provided used by operating activities	<u>94,601.85</u>	<u>97,460.78</u>
 <b>Investing Activities</b>		
Purchases of Fixed Assets	<u>74,822.12</u>	
Net cash used by investing activities	<u>74,822.12</u>	<u>0.00</u>
 <b>Financing Activities</b>		
Proceeds from notes	(74,085.83)	
Proceeds from sale of asset		146.32
Repayments on notes payable	5,571.80	(21,110.12)
Net cash used (provided by) in financing activities	<u>(68,514.03)</u>	<u>(20,963.80)</u>
 Net increase (decrease) in cash and cash equivalents	<u>88,293.76</u>	<u>76,496.98</u>
 Cash and cash equivalents at beginning of year	<u>128,854.14</u>	<u>52,357.16</u>
 Cash and cash equivalents at end of year	<u>\$217,147.90</u>	<u>\$128,854.14</u>
 Interest Paid	<b>\$1,461.25</b>	

See accompanying notes to the financial statements.

**FRANKLINTON ASSOCIATION FOR CHALLENGED CITIZENS, INC.**

**Notes to the Financial Statements  
For the Years Ended June 30, 2000 and 1999**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Franklinton Association for Challenged Citizens, Inc. exists to promote the general welfare of mentally retarded children. The following is a summary of significant accounting policies followed in the preparation of the financial statements. These policies conform to generally accepted accounting principles and have been applied in the preparation of the financial statements.

**A. ACCOUNTING BASIS**

Assets and liabilities, and revenues and expenses are recognized on the accrual basis of accounting.

**B. PROPERTY AND EQUIPMENT**

Land, buildings, and equipment are stated at cost except as explained below. Depreciable assets are being depreciated over their estimated useful lives ranging from three to ten years using the straight-line method. The Association does not capitalize interest costs.

**C. COMPENSATED ABSENCES**

No provision has been made for compensated absences because the Association's policy does not allow the employees to carry unused leave to the next fiscal year.

**D. DONATED PROPERTY MATERIALS, EQUIPMENT AND SERVICES**

Donated property materials and equipment are not recorded as contributions at their estimated values at date of receipt. Donated services also have not been reflected in the financial statements since no objective basis is available to measure the value of such services. Nevertheless, a number of volunteers donate significant amounts of their time in the organization's program and supporting services.

**E. USE OF ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**F. CASH EQUIVALENTS**

The Association considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents.

**2. CASH AND DEPOSITS**

At year-end, the reported amount of the activity's deposits was \$217,147.90, and the bank balance was \$262,018.63. Of the bank balance, \$262,018.63 was covered by federal depository insurance, and \$0.00 was uninsured and uncollateralized.

FRANKLINTON ASSOCIATION FOR CHALLENGED CITIZENS, INC.  
Notes to the Financial Statements, Continued  
For the Years Ended June 30, 2000 and 1999

3. RECEIVABLES

Receivables at June 30, 2000 and 1999 consisted of the following:

	<u>June 30,</u>	
	<u>2000</u>	<u>1999</u>
Accounts receivable - Res-Care	\$21,552.50	\$ 20,935.55
State contract- Revenue receivable	14,419.99	14,406.35
Other	<u>478.60</u>	
Total Receivables	<u>\$36,451.09</u>	<u>\$35,341.90</u>

Based on past experience, management believes that the above amounts are entirely collectible; therefore, no provision for uncollectible amounts has been established.

4. CHANGES IN FIXED ASSETS

The following is a summary of changes in fixed assets:

	<u>BALANCE</u> <u>06/30/98</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> <u>06/30/99</u>
Furniture, fixtures, and equipment	\$ 45,239	\$ -0-	\$ -0-	\$ 45,239
Vans and buses	98,365	-0-	-0-	98,365
Leasehold improvements	<u>14,768</u>	<u>-0-</u>	<u>-0-</u>	<u>14,768</u>
Investment in property and equipment	<u>\$158,372</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$158,372</u>
Less accumulated depreciation				<u>144,232</u>
Property and equipment net of accumulated depreciation				<u>\$ 14,140</u>
	<u>BALANCE</u> <u>06/30/99</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> <u>06/30/00</u>
Furniture, fixtures, and equipment	\$ 45,239	\$ 735	\$ -0-	\$ 45,974
Vans and buses	98,365	74,086	-0-	172,451
Leasehold improvements	<u>14,768</u>	<u>-0-</u>	<u>-0-</u>	<u>14,768</u>
Investment in property and equipment	<u>\$158,372</u>	<u>\$ 74,821</u>	<u>\$ -0-</u>	<u>\$233,193</u>
Less accumulated depreciation				<u>157,383</u>
Property and equipment net of accumulated depreciation				<u>\$ 75,810</u>

FRANKLINTON ASSOCIATION FOR CHALLENGED CITIZENS, INC.  
Notes to the Financial Statements, Continued  
For the Years Ended June 30, 2000 and 1999

5. INCOME TAX STATUS

On March 10, 1993, the Franklinton Association for Challenged Citizens, Inc. was granted retroactive tax exempt status by the United States Internal Revenue Service under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3). The United States Internal Revenue Service has determined Franklinton Association for Challenged Citizens, Inc. is not a private foundation.

6. LONG-TERM OBLIGATIONS

The following is a summary of the long-term obligations transactions for the year ended June 30, 1999:

Long-term obligations payable at June 30, 1998	\$ 1,110.12
Additions:	-0-
Retirements	<u>1,110.12</u>
Long-term obligations payable at June 30, 1999	<u>\$ -0-</u>

The following is a summary of the long-term obligations transactions for the year ended June 30, 2000:

Long-term obligations payable at June 30, 1999	\$ -0-
Additions:	74,085.83
Retirements	<u>5,571.80</u>
Long-term obligations payable at June 30, 2000	<u>\$68,514.03</u>

Note payable of \$35,888.73 to Resource Bank at 8.3% in 24 monthly installments of \$1,629.81, maturing on February 18, 2002. A Certificate of Deposit in the amount of \$36,000.00 is pledged on this loan.

Note payable of \$38,197.10 to Resource Bank at 8.3% in 24 monthly installments of \$1,734.91, maturing on June 14, 2002. A Certificate of Deposit in the amount of \$38,200.00 is pledged on this loan.

The annual requirements to amortize all long-term obligations at June 30, 2000 are as follows:

<u>YEAR ENDED</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
June 30, 2001	\$35,977.66	\$4,398.98	\$40,376.64
June 30, 2002	<u>\$32,536.37</u>	<u>\$1,321.03</u>	<u>\$33,857.40</u>
Total	<u>\$68,514.03</u>	<u>\$5,720.01</u>	<u>\$74,234.04</u>

7. COMMITMENTS AND CONTINGENCIES

The activity center receives a substantial amount of its support for its programs of providing day services and occupational therapy to challenged persons, from state government and local grants. These grants required the Association to furnish habilitation services to clients to be reimbursed at an amount stipulated in each contract. A significant reduction in the level of this support, if it were to occur, may have an effect on the Association's programs and activities.

According to legal counsel, the Association is not involved in any litigation.