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LOUISIANA ASSOCIATION ON COMPULSIVE GAMBLING

SHREVEPORT, LOUISIANA

FINANCIAL STATEMENTS

June 30, 2006

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 11-1-2006

Marsha O. Millican
Certified Public Accountant
Shreveport, Louisiana

LOUISIANA ASSOCIATION ON COMPULSIVE GAMBLING

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Marsha O. Millican
CERTIFIED PUBLIC ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Louisiana Association on
Compulsive Gambling
Shreveport, Louisiana

I have audited the accompanying statement of financial position of Louisiana Association on Compulsive Gambling, (a non-profit organization) as of and for the year ended June 30, 2006. 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 audit.

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

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Louisiana Association on Compulsive Gambling as of June 30, 2006, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, I have also issued a report dated October 12, 2006 on my consideration of Louisiana Association on Compulsive Gambling'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.

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My audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The schedule of state contracts listed in the table of contents as supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements of Louisiana Association on Compulsive Gambling. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in my opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

Margie D. Milligan

Certified Public Accountant
October 12, 2006

EXHIBIT A

LOUISIANA ASSOCIATION ON COMPULSIVE GAMBLING

Statement of Financial Position

June 30, 2006

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$ 45,814
Grants and Contracts Receivable	<u>112,944</u>

Total Current Assets	<u>158,758</u>
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PROPERTY AND EQUIPMENT (Net)	<u>598,448</u>
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Total Assets	<u>\$ 757,206</u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable and Accrued Expenses	\$ 23,738
Compensated Absences Payable	11,098
Notes Payable - Current Maturities	<u>12,691</u>

Total Current Liabilities	<u>47,527</u>
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LONG-TERM LIABILITIES

Notes Payable - net of Current Portion	<u>247,391</u>
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Total Liabilities	<u>294,918</u>
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NET ASSETS

Unrestricted	462,288
Temporarily restricted	<u>-</u>

Total net assets	<u>462,288</u>
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Total liabilities and net assets	<u>\$ 757,206</u>
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The accompanying notes are an integral part of these statements.

EXHIBIT B

LOUISIANA ASSOCIATION ON COMPULSIVE GAMBLING

Statement of Activities

For the Year Ended June 30, 2006

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
SUPPORT AND REVENUE:				
Support:				
Contributions and memberships	\$ 137,029	\$ -	\$ -	\$ 137,029
Revenue:				
Client fees	152,044	-	-	152,044
Program service fees	953,193	-	-	953,193
Miscellaneous	<u>745</u>	<u>-</u>	<u>-</u>	<u>745</u>
Total Revenue	1,243,011	-	-	1,243,011
Net Assets Released from Restrictions:				
Satisfaction of usage restrictions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Public Support and Revenue	<u>1,243,011</u>	<u>-</u>	<u>-</u>	<u>1,243,011</u>
EXPENSES:				
Program Services	1,017,915	-	-	1,017,915
Management and General	<u>231,214</u>	<u>-</u>	<u>-</u>	<u>231,214</u>
Total Expenses	<u>1,249,129</u>	<u>-</u>	<u>-</u>	<u>1,249,129</u>
Change in Net Assets before Discontinued Operations	(6,118)	-	-	(6,118)
Discontinued Operations - loss on disposal of Core South Program	<u>(170,437)</u>	<u>-</u>	<u>-</u>	<u>(170,437)</u>
Change in Net Assets	(176,555)	-	-	(176,555)
Net assets, July 1	<u>638,843</u>	<u>-</u>	<u>-</u>	<u>638,843</u>
Net Assets, June 30	<u>\$ 462,288</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 462,288</u>

The accompanying notes are an integral part of this statement.

Louisiana Association on Compulsive Gambling

Statement of Functional Expenses

Year Ended June 30, 2006

	<u>CORE</u>	<u>Help Line Center</u>	<u>Intensive Outpatient Program</u>	<u>Management and General</u>	<u>Total</u>
Salaries	\$ 258,349	\$ 308,260	\$ 10,719	\$ 92,037	\$ 669,365
Payroll Taxes	23,543	27,526	981	8,654	60,704
Professional Fees	46,693	17,106	12,702	51,019	127,520
Food and Beverage	48,032	-	-	-	48,032
Equipment Rental	2,913	198	-	-	3,111
Utilities and Telephone	29,669	35,793	2,693	5,168	73,323
Rent	-	12,660	6,099	7,968	26,727
Supplies	1,409	307	485	-	2,201
Insurance	31,903	29,215	253	29,843	91,214
Repair and Maintenance	9,435	865	426	341	11,067
Auto	1,476	3,626	346	6,804	12,252
Licenses, Permits, and Fees	1,310	12	100	1,617	3,039
Office Supplies	6,442	8,123	1,173	2,322	18,060
Travel	3,433	3,013	-	6,084	12,530
Printing and Literature	2,373	-	104	3,392	5,869
Dues and Subscriptions	355	50	-	5,430	5,835
Postage and Shipping	1,027	4,076	-	408	5,511
Miscellaneous	6,363	2,097	-	5,923	14,383
Depreciation	25,073	6,639	240	1,213	33,165
Interest	16,945	315	116	1,691	19,067
Advertising and Promotion	-	4,854	-	1,300	6,154
Total Expenditures	\$ 516,743	\$ 464,735	\$ 36,437	\$ 231,214	\$ 1,249,129

The accompanying notes are an integral part of this statement.

EXHIBIT D

LOUISIANA ASSOCIATION ON COMPULSIVE GAMBLING

STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2006

<u>Cash flows from operating activities:</u>	
Change in net assets	(176,555)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Loss on discontinued operations of Core South Program	170,437
Depreciation	43,402
Decrease in accounts receivable	139,643
Decrease in due from affiliated company	2,630
Decrease in prepaid rent	71,603
Decrease in accounts payable	(27,130)
Decrease in compensated absences payable	(6,116)
Total adjustments	<u>394,469</u>
Net cash provided (used) by operating activities	<u>217,914</u>
<u>Cash flow from investing activities:</u>	
Disposition of fixed assets	(107,366)
Purchase of fixed assets	<u>(35,920)</u>
Net cash provided (used) by investing activities	<u>(143,286)</u>
<u>Cash flows from financing activities:</u>	
Principal payments on debt	<u>(47,270)</u>
Net cash provided by financing activities	<u>(47,270)</u>
Net increase (decrease) in cash and equivalents	27,358
Cash and equivalents, beginning of year	<u>18,456</u>
Cash and Equivalents, end of year	<u>\$ 45,814</u>

The accompanying notes are an integral part of this statement.

LOUISIANA ASSOCIATION ON COMPULSIVE GAMBLING

Notes to Financial Statements

June 30, 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. General:

Louisiana Association on Compulsive Gambling is a nonprofit organization exempt for Federal income tax purposes under Section 501(C)(3) of the Internal Revenue Code and is exempt from federal and state income taxes.

B. Nature of Activities:

The purpose of the Association is to continue heightening public awareness that compulsive gambling is a preventable and treatable disease, through a combined strategy of educational, public policy changes and the efforts of individuals, families and all elements of the community working in concert.

C. Basis of Accounting:

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

D. Support and Revenue:

The Association receives its program service fees primarily from the State of Louisiana Department of Health and Hospitals and other State Agencies. Support and revenue received from those grants and contracts is recognized on a "net funded" basis whereby State of Louisiana Department of Health and Hospitals, Office for Addictive Disorders funding is recognized on a last-dollar-in basis. Related expenses incurred are "netted" first by client fees and food stamp income in determining grant funds to be recognized.

E. Cash and Cash Equivalents:

For purposes of cash flows, the organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

F. Property and Equipment:

Purchased property and equipment are stated at cost. Donated property and equipment are stated at their fair market value on the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from twenty five years for leasehold improvements and five to seven years for furniture and equipment.

(Continued)

LOUISIANA ASSOCIATION ON COMPULSIVE GAMBLING

Notes to Financial Statements

June 30, 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

G. Contributions and Memberships:

All contributions received are considered available for unrestricted use unless the donor specifies a restriction. Amounts received that are restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net asset are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Memberships are essentially honorary, as no goods or services are provided to the members in exchange for their membership dues.

H. 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.

I. Functional Allocation of Expenses:

The costs of providing the Association's various programs and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

2. Grants and Contracts Receivable:

Grants and contracts receivable at June 30, 2006 are as follows:

Department of Health and Hospitals	\$ 93,318
Other Receivables	<u>19,626</u>
Total	<u>\$ 112,944</u>

All grants and contracts receivable at June 30, 2006 are fully collectible.

(Continued)

LOUISIANA ASSOCIATION ON COMPULSIVE GAMBLING

Notes to Financial Statements

June 30, 2006

3. Property and Equipment:

Property and Equipment consists of the following:

Building and Land	\$ 375,000
Leasehold Improvements	209,795
Furniture and Fixtures	62,557
Equipment	<u>128,502</u>
	775,854
Less Accumulated Depreciation	<u>(177,406)</u>
Property and Equipment - Net	<u>\$ 598,448</u>

4. Rental Expense:

The Association leased the facilities that houses its treatment center, help line, intensive outpatient program and its administrative offices during the year on a month to month basis. Rental expense paid for the year under these leases totaled \$26,726 for the year ended June 30, 2006. Future lease commitments are as follows: Year ended June 30, 2007 - \$24,600; 2008 - \$8,200.

The Association entered into a lease agreement on August 7, 2002, for the location of a new treatment center in New Orleans. During the year ended June 30, 2006, the program and lease was terminated. Rental expense paid under this lease for the year ended June 30, 2006 totaled \$21,101.

5. Notes Payable:

Notes payable at June 30, 2006 consisted of the following:

Note payable to Hibernia Bank, interest at 5.950%, dated April 22, 2005, due on demand; if no demand is made, the note is due in 180 monthly installments of \$2,320 collateralized by building and land at 635 Stoner Street \$ 260,082

Less: current maturities	<u>(12,691)</u>
Notes payable - long term	<u>\$ 247,391</u>

Maturities of long-term debt including interest of \$109,133 are as follows:

Years ended June 30:

2007	\$ 27,828
2008	27,828
2009	27,828
2010	27,828
2011	27,828
2012 and thereafter	<u>230,075</u>
Total	<u>\$ 369,215</u>

LOUISIANA ASSOCIATION ON COMPULSIVE GAMBLING

Notes to Financial Statements

June 30, 2006

6. Discontinued Operations:

During the year ended June 30, 2006, the company discontinued its Core South program in New Orleans. The program provided board and care to clients receiving gambling addiction treatment. The loss sustained by the Association in closing this program totaled \$170,437.

7. Economic Dependency

The Association received eighty eight (88) percent of its program service fees from three contracts through the State of Louisiana. The contracts are appropriated each year by federal and state governments. If budget cuts are made at the federal and/or state government level, the amount of funds the Council receives could be reduced and have an adverse impact on its operations. Management is not aware of any actions that will adversely affect the amount of funds the Association will receive in the next fiscal year.

LOUISIANA ASSOCIATION ON COMPULSIVE GAMBLING

Schedule of State Contracts
For the Year Ended June 30, 2006

<u>PROGRAM TITLE</u>	<u>CONTRACT NUMBER</u>	<u>PROGRAM AWARD AMOUNT</u>	<u>REVENUE RECOGNIZED</u>	<u>EXPENDITURES</u>
Louisiana Department Of Health & Hospitals:				
<u>Office of Addictive Disorders:</u>				
Social Services	044600	\$ 8,000	\$ 3,074	\$ 3,074
CORE Treatment Center	043014	558,450	395,420	395,420
Help Line	043015	360,000	359,711	359,711
Social Services	043016	40,000	34,795	34,795
Intensive Outpatient	045063	75,778	34,155	34,155
Core Treatment South	040501	<u>109,500</u>	<u>56,560</u>	<u>56,560</u>
Total - All State Contracts		<u>\$1,151,728</u>	<u>\$ 883,715</u>	<u>\$ 883,715</u>

LOUISIANA ASSOCIATION ON COMPULSIVE GAMBLING
Corrective Action Taken on Prior Year Findings

For the Year Ended June 30, 2006

There were no findings for the year ended June 30, 2005.



Marsha O. Millican
CERTIFIED PUBLIC ACCOUNTANT

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

To the Board of Directors
Louisiana Association on Compulsive Gambling
Shreveport, Louisiana

I have audited the financial statements of Louisiana Association on Compulsive Gambling as of June 30, 2006, and have issued my report thereon dated October 12, 2006. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Louisiana Association on Compulsive Gambling is free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Louisiana Association on Compulsive Gambling'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.

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This report is intended for the information of management and federal and state cognizant agencies and is not intended to be, and should not be, used by anyone other than the specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Marda D. Milligan

Certified Public Accountant
October 12, 2006

LOUISIANA ASSOCIATION ON COMPULSIVE GAMBLING

Schedule of Findings

For the Year Ended June 30, 2006

There are no findings for the year ended June 30, 2006.