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SOUTHSIDE DEVELOPMENT CORPORATION, INC.

FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2001

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 1-16-02

**Arthur D. Matte
Certified Public Accountant
203 E. Academy Avenue
Jennings, LA 70546**

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Arthur D. Matte
Certified Public Accountant
PO Box 1443
Jennings, LA 70546

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Southside Development Corporation
Jennings, Louisiana

I have audited the accompanying statement of financial position of Southside Development Corporation (a nonprofit organization) as of and for the six months ended June 30, 2001, and the related statements of activities, and cash flows for the six months then ended. These financial statements are the responsibility of Southside Development Corporation'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 the standards applicable to financial audits contained in *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 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 in the first paragraph present fairly, in all material respects, the financial position of Southside Development Corporation (a nonprofit organization), as of June 30, 2001, and the changes in its net assets and its cash flows for the six months 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 my report dated December 19, 2001, on my consideration of Southside Development Corporation'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.

Arthur D. Matte
Certified Public Accountant

Jennings, Louisiana
December 19, 2001

SOUTHSIDE DEVELOPMENT CORPORATION, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2001

ASSETS

Current Assets:

Cash and Cash Equivalents(see note 2)	\$	6,461.33
Revolving Loans Receivable		162,755.34
Less: Allowance For Doubtful Accounts		<u>(41,078.03)</u>

Total Current Assets \$ 128,138.64

Fixed Assets:

Furniture, Fixtures and Equipment		32,596.22
Less: Accumulated Depreciation		<u>(11,040.46)</u>
Net Furniture, Fixtures and Equipment		21,555.76
Land		<u>28,248.00</u>

Total Fixed Assets 49,803.76

Long-term Assets:

Note Receivable - Doyle Street		<u>24,656.60</u>
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Total Long-term Assets 24,656.60

Total Assets \$ 202,599.00

LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts Payable and Accrued Expenses	\$	272.32
Notes Payable(see note 3)		<u>42,700.31</u>

Total Current Liabilities/Total Liabilities 42,972.63

Net Assets:

Unrestricted Net Assets:

Designated By Board For Property/Community Development		28,248.00
Undesignated		(56,709.74)
Net Fixed Assets		<u>21,555.76</u>

Total Unrestricted Net Assets (6,905.98)

Permanently Restricted Net Assets:

Revolving Loan Fund-Net (see note 2)		<u>166,532.35</u>
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Total Permanently Restricted Net Assets 166,532.35

Total Net Assets 159,626.37

Total Liabilities and Net Assets \$ 202,599.00

The accompanying notes are an integral part of these financial statements.

SOUTHSIDE DEVELOPMENT CORPORATION, INC.
STATEMENT OF ACTIVITIES
JUNE 30, 2001

SUPPORT:

Grant Support	\$ 2,500.02	
Membership Dues	1,440.00	
Contributions	3,143.02	
Interest Income	5,747.19	
Miscellaneous Income	<u>700.00</u>	
 Total Support		 <u>\$ 13,530.23</u>

EXPENSES:

Program Services:		
Youth Activities	5,569.15	
Revolving Loan Program	23,968.44	
Property/Community Development	<u>300.00</u>	
 Total Program Services		 <u>29,837.59</u>
Support Services:		
Management and General Operating	<u>30,881.75</u>	
 Total Support Services		 <u>30,881.75</u>
 Total Expenses		 <u>60,719.34</u>

Increase (Decrease) in Unrestricted Assets	\$ <u>(47,189.11)</u>
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TOTAL INCREASE (DECREASE) IN NET ASSETS	(47,189.11)
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NET ASSETS, Beginning of Year	<u>206,815.48</u>
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NET ASSETS, End of Year	<u><u>\$ 159,626.37</u></u>
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The accompanying notes are an integral part of these financial statements.

SOUTHSIDE DEVELOPMENT CORPORATION, INC.
STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2001

OPERATING ACTIVITIES:	
Change in Net Assets	\$ (47,189.11)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	2,239.08
Decrease in receivable	43,795.21
Decrease in accounts payable and accrued expenses	<u>(207.00)</u>
Net cash provided by operating activities	(1,361.82)
 INVESTING ACTIVITIES:	
Purchase of Equipment	<u>(96.12)</u>
Net cash used by investing activities	(96.12)
 FINANCING ACTIVITIES:	
Payments On Long-Term Debt	<u>(460.88)</u>
Net cash provided by financing activities	<u>(460.88)</u>
Net increase in cash and cash equivalents	(1,918.82)
Cash and Cash equivalents as of beginning of year	<u>8,380.15</u>
Cash and cash equivalents as of end of year	<u><u>\$ 6,461.33</u></u>

The accompanying notes are an integral part of these financial statements.

SOUTHSIDE DEVELOPMENT CORPORATION, INC.

NOTES OF THE FINANCIAL STATEMENTS

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Nature of Activities

Southside Development Corporation was established and incorporated in 1993 and has a 501(c)(3) tax-exempt status. The sole funding support of SDC for the first three (3) years was personal resources of the Board of Directors. The Southside Development Corporation (SDC) is an emerging Community Development Corporation. SDC is a private nonprofit organization dedicated to serving the community by stimulating and improving the local economy through economic development, human development, education, and community services. The programs administered by SDC provide mentoring for youth, capacity building, leadership enhancement, business development, and affordable housing.

(b) Basis of Accounting

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

(c) Accounting Period Change

With the approval of the board of directors Southside Development Corporation changed its reporting year from a calendar year to a fiscal year ending June 30th. Consequently, the financial statements are presented for the six month period ending June 30, 2001.

(d) Revenue & Support

Southside Development Corporation receives substantially its entire grant and support revenue from the City of Jennings, other local agencies and board member contributions.

(e) Contributions

Southside Development Corporation has also adopted SFAS No. 116, "Accounting for Contributions Received and Contributions Made." Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending as the existence or nature of any donor restrictions.

SOUTHSIDE DEVELOPMENT CORPORATION, INC.

NOTES OF THE FINANCIAL STATEMENTS

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(f) Fixed Assets

Fixed assets are recorded at cost, if purchased, or at estimated fair market value, if donated. Fixed assets acquired by SDC, whether purchased or donated, are considered to be owned by SDC. SDC follows the practice of capitalizing all expenditures for property, furniture, fixtures, and office equipment in excess of \$500. Depreciation of all such items is computed on a straight-line basis over the estimated useful lives of the assets. For the six months ended June 30, 2001 SDC recorded \$2,239.08 for depreciation.

(g) Income Taxes

Southside Development Corporation is exempt from federal income taxes under Section 501 (c) (3) of the Internal Revenue Code and did not conduct unrelated business activities. Therefore, Southside Development Corporation had made no provision for federal income taxes in the accompanying financial statements.

(h) Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of management's estimates. Accordingly, actual results could differ from those estimates.

(i) Cash and Cash Equivalents

Cash and cash equivalents consists of Southside Development Corporation's balance in their checking and savings accounts at June 30, 2001.

(j) Interest Paid

For the six months ending June 30, 2001, Southside Development Corporation paid \$1,939.12 in interest.

SOUTHSIDE DEVELOPMENT CORPORATION, INC.

NOTES OF THE FINANCIAL STATEMENTS

(2) RESTRICTIONS ON CASH AND NET ASSETS

All of the restrictions on cash and net assets at June 30, 2001 are permanent and are related to grants received from the Rural Business-Cooperative Service (RBS). The USDA – Rural Development office administers the grants. The funds from the grants are to be used exclusively for a revolving loan fund, which is meant to service business start-ups and business expansion projects. Of the Cash and Cash Equivalents amount reported on the Statement of Financial Position, \$5,465.43 is restricted for the above-mentioned revolving loan program.

(3) NOTES PAYABLE

Southside Development Corporation has one (1) outstanding note payable. The note is payable at an interest rate of 8% and is set up on a long-term repayment schedule. The note in the amount of \$42,700.31 is secured by real estate and by personal guarantees of the Board of Directors.

Arthur D. Matte
Certified Public Accountant
PO Box 1443
Jennings, LA 70546

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
Southside Development Corporation
Jennings, Louisiana

I have audited the financial statements of Southside Development Corporation (a nonprofit organization), as of and for the six months ended June 30, 2001, and have issued my report thereon dated December 19, 2001. 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 Southside Development Corporation's financial statements are 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 Southside Development Corporation'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 the audit committee, management, others within the organization and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Arthur D. Matte
Certified Public Accountant

Jennings, Louisiana
October 8, 2001

SOUTHSIDE DEVELOPMENT CORPORATION
Jennings, Louisiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE SIX MONTHS ENDED JUNE 30, 2001

SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of Southside Development Corporation.
2. No reportable conditions relating to the audit of the financial statements are reported in the Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of Southside Development Corporation were disclosed during the audit.
4. Southside Development Corporation did not qualify as a low-risk auditee.

FINDINGS – FINANCIAL STATEMENT AUDIT

None

FINDINGS AND QUESTIONED COST

None

SOUTHSIDE DEVELOPMENT CORPORATION
Jennings, Louisiana

SUMMARY SCHEDULE OF PRIOR ADUIT FINDINGS
For the Six Months Ended June 30, 2001

<u>Ref No</u>	<u>Fiscal Year Finding Initially Occurred</u>	<u>Description of Finding</u>	<u>Corrective Action Taken (Yes, No, Partially)</u>	<u>Planned Corrective Action/Partial Corrective Action Taken</u>
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No Prior Year Audit Findings