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04 MAY 2004

**LOUISIANA ASSOCIATION OF COMMUNITY
SERVICE ORGANIZATIONS, INC.
BATON ROUGE, LOUISIANA**

FINANCIAL STATEMENTS

As of and for the Year Ended October 31, 2003

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 5.5.04

**JAMES T. BATES
CERTIFIED PUBLIC ACCOUNTANT**

**612 Barksdale Blvd
Bossier City, Louisiana 71111**

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SERVICE ORGANIZATIONS, INC.
BATON ROUGE, LOUISIANA**

FINANCIAL STATEMENTS

As of and for the Year Ended October 31, 2003

**LOUISIANA ASSOCIATION OF COMMUNITY
SERVICE ORGANIZATIONS, INC.**

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James T. Bates

CERTIFIED PUBLIC ACCOUNTANT
612 BARKSDALE BOULEVARD
BOSSIER CITY, LOUISIANA 71111

MEMBER
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

TELEPHONE
(318) 742-5238
FAX (318) 742-5766

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Louisiana Association of Community
Service Organizations, Inc.
Baton Rouge, Louisiana

I have audited the accompanying statement of financial position of Louisiana Association of Community Service Organizations, Inc. (a nonprofit quasi-governmental organization) as of October 31, 2003, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Louisiana Association of Community Service Organizations, Inc.'s management. My responsibility is to express an opinion on these 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.

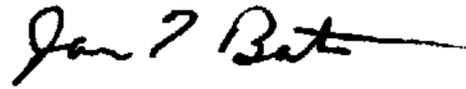
In my opinion, the financial statements referred to above present fairly in all material respects, the financial position of Louisiana Association of Community Service Organizations, Inc. as of October 31, 2003, and the results of its operations for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated April 28, 2004, on my consideration of Louisiana Association of Community Service Organizations, 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.

The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, 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 my opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The accompanying supplemental schedule, listed as "Supplemental Information Schedule for Grants and Contracts Analysis" in the table of contents, and shown on page 9 is presented for the purpose of providing the funding sources additional individual grant and contract analysis and is not a required part of the financial statements. The information

is prepared on a prescribed basis of the funding source and is for periods other than Louisiana Association of Community Service Organizations, Inc.'s audit year. This schedule is not presented in accordance with generally accepted accounting principles. Accordingly, this schedule is not intended to present financial position and results of operations in conformity with accounting principles generally accepted in the United States of America. Such information has been subjected to the auditing procedures applied to the audit of the financial statements and, in my opinion, it is fairly stated on the basis of accounting practices prescribed by the funding source.



April 28, 2004

**LOUISIANA ASSOCIATION OF COMMUNITY
SERVICE ORGANIZATIONS, INC.**
Baton Rouge, Louisiana

Statement of Financial Position
October 31, 2003

Assets	
Current Assets	
Cash and Equivalents	\$ <u>68,078</u>
Total Current Assets	<u>68,078</u>
Property and Equipment	
Property and Equipment	26,161
Accumulated Depreciation	<u>15,191</u>
Net Property and Equipment	<u>10,970</u>
Total Assets	\$ <u><u>79,048</u></u>
Liabilities and Net Assets	
Current Liabilities	
Accounts Payable	\$ 0
Payroll Taxes Payable	<u>1,326</u>
Total Current Liabilities	<u>1,326</u>
Net Assets	
Unrestricted	32,243
Designated for Specific Programs	<u>45,479</u>
Total Net Assets	<u>77,722</u>
Total Liabilities and Net Assets	<u><u>79,048</u></u>

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

**LOUISIANA ASSOCIATION OF COMMUNITY
SERVICE ORGANIZATIONS, INC.**

Baton Rouge, Louisiana

Statement of Activities
For the Year Ended October 31, 2003

	<u>Unrestricted</u>
Revenues and Other Support	
Contractual Revenue - Grants	\$ 82,253
Membership Dues	24,900
Conference Fees	39,575
Other	9,479
Interest Income	74
	<hr/>
Total Revenues and Other Support	156,281
	<hr/>
Expenses	
Training, Technical Assistance and Capacity Building Program Grants	72,980
Conference Expenses	29,257
Residential Energy-Conservation Grant	294
Operating Expenses	
Travel	6,454
Supplies	2,167
Telephone	2,957
Legal and Professional Fees	2,750
Postage	929
Board Meetings	1,853
Contributions	6,106
Dues	365
Insurance	2,236
Other Cost	10,281
	<hr/>
Total Expenses	138,629
	<hr/>
Change in Net Assets	17,652
	<hr/>
Net Assets, as of Beginning of Year	60,070
	<hr/>
Net Assets, as of End of Year	\$ <u>77,722</u>

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

**LOUISIANA ASSOCIATION OF COMMUNITY
SERVICE ORGANIZATIONS, INC.**
Baton Rouge, Louisiana

Statement of Cash Flows
For the Year Ended October 31, 2003

Operating Activities

Change in Net Assets	\$ 17,652
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by Operating Activities	
Depreciation	5,213
Increase (Decrease) in Operating Liabilities	
Accounts Payable	(1,711)
Payroll Taxes Payable	<u>374</u>
Net Cash Provided by Operating Activities	<u>21,528</u>
Investing Activities	
Payments for Property and Equipment	<u>(193)</u>
Net Cash Used in Investing Activities	<u>(193)</u>
Net Increase in Cash	21,335
Cash as of Beginning of Year	<u>46,743</u>
Cash as of End of Year	\$ <u><u>68,078</u></u>

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

**LOUISIANA ASSOCIATION OF COMMUNITY
SERVICE ORGANIZATIONS, INC.**

Notes to Financial Statements
October 31, 2003

(1) Summary of Significant Accounting Policies

A. Nature of Activities

The Louisiana Association of Community Service Organizations, Inc. is a non-profit quasi-governmental organization. Its membership is composed of the various local Community Action Agencies throughout the State of Louisiana. The Organization is supported by membership dues, self-generated conference registration fees and grants from the Federal and State Governments.

B. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability has been incurred.

C. Basis of Presentation

Financial statement presentation follows the recommendations of 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, the Organization is required to report information regarding its financial position and activities according to three classes on net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

D. Income Tax Status

The Organization is a non-profit corporation and is exempt from state and federal income taxes under Section 501 (c)(4) of the Internal Revenue Code. However, income

(Continued)

**LOUISIANA ASSOCIATION OF COMMUNITY
SERVICE ORGANIZATIONS, INC.**

Notes to Financial Statements

from certain activities not directly related to the Organization's tax-exempt purpose would be subject to taxation as unrelated business income. The Organization had no such income for this audit period.

E. Uses of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets, liabilities, the disclosure of contingent assets and liabilities and the reported revenues and expenses. Actual results could differ from those estimates.

F. Cash and Cash Equivalents

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

G. Property and Equipment

Property and equipment are carried at cost, or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using primarily the straight-line method over the estimated useful life of each asset. The Federal Government has a reversionary interest in property purchased with federal funds. Its disposition as well as the ownership of any proceeds therefrom is subject to federal regulations.

H. 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. Contractual grant revenue is reported as unrestricted support due to the restrictions placed on those funds by the funding sources being met in the same reporting period as the revenue is earned.

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

(Continued)

**LOUISIANA ASSOCIATION OF COMMUNITY
SERVICE ORGANIZATIONS, INC.**

Notes to Financial Statements

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.

(2) Compensation and/or Per Diem to Board Members

There was no compensation or per diem paid to Board members of the Louisiana Association of Community Service Organizations, Inc. for the year ended October 31, 2003.

(3) Collateralization of Bank Deposits

At October 31, 2003, the Louisiana Association of Community Service Organizations, Inc. had cash (book balances) totaling \$68,078 on deposit at three financial institutions. Cash and cash equivalents (bank balances) at October 31, 2003 equaled \$70,918. All monies on deposit were insured by FDIC insurance.

(4) Property and Equipment

Property and equipment consists of the following at October 31, 2003:

	Estimated Depreciable Life	Purchased With Federal Funds	Purchased With Non-Federal Funds	Total
Furniture and Equipment	5 Years	\$ 25,834	\$ 327	\$ 26,161
Accumulated Depreciation		<u>(15,093)</u>	<u>(98)</u>	<u>(15,191)</u>
Net investment in property and equipment		<u>\$ 10,741</u>	<u>\$ 229</u>	<u>\$ 10,970</u>

(5) Name Change

The Board of Directors of the Agency adopted a resolution to change the name of the Agency from Louisiana Association of Community Services Organizations, Inc. to The Louisiana Association of Community Action Partnerships, Inc. The name change was approved by the Secretary of State of the State of Louisiana on October 30, 2003 to become effective November 1, 2003.

**Supplemental Information Schedules Prepared
For Grants and Contracts Analysis**

LOUISIANA ASSOCIATION OF COMMUNITY
SERVICE ORGANIZATIONS, INC.
Baton Rouge, Louisiana

Supplemental Information Schedule Prepared
For Grants and Contracts Analysis

	Department of Health and Human Services				Department of Labor	
	Training and Technical Assistance Award Number	Capacity Building Award Number	Assistance Award Number	September 30, 2002 Through October 31, 2003	September 1, 2002 Through October 31, 2003	September 1, 2002 Through October 31, 2003
Grant Revenue	90ET0170/01	90EZ0032/01	90EQ000704	90EQ000705	90EQ000705	09EZ001901
	4,925 \$	50,000 \$	10,075 \$	17,253		
Expenses						
Training Consultants	15,615					7,675
Training Equipment	6,803	193				
Meeting Facilities		532				370
Meeting Supplies	1,757					
Other Expenses	2,500					5,500
Salaries	250					560
Fringe Benefits						331
Insurance						
Equipment Rental						
Occupancy Expense						
Telephone		133				
Supplies	3,075					525
Accounting Expense						918
Travel						
Office Equipment						
Total Expenses	30,000	858	50,000	8,423	15,879	
Excess Revenues (Expenses)	0 \$	4,067 \$	0 \$	1,652 \$	1,374	

Other Reports Required by *Government Auditing Standards*

**LOUISIANA ASSOCIATION OF COMMUNITY
SERVICE ORGANIZATIONS, INC.**

Baton Rouge, Louisiana

Schedule of Expenditures of Federal Awards
For the Year Ended October 31, 2003

<u>Federal Grantor / Pass-Through Grantor / Program Title</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>
Department of Health and Human Services		
Award Number 90EQ000704	93.570	\$41,108
Award Number 90EQ000705	93.570	8,423
Award Number 90ET0170/01	93.570	1,757
Award Number 90EZ0032/01	93.570	<u>858</u>
Total Department of Human Services		<u>52,146</u>
Louisiana Department of Labor		
Award Number 09EZ001901	93.570	<u>15,879</u>
Total Louisiana Department of Labor		<u>15,879</u>
Total Expenditures of Federal Awards		<u>\$68,025</u>

Note 1: The accompanying schedule of expenditures of federal awards is prepared on the accrual basis of accounting.

James T. Bates

CERTIFIED PUBLIC ACCOUNTANT
612 BARKSDALE BOULEVARD
BOSSIER CITY, LOUISIANA 71111

MEMBER
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

TELEPHONE
(318) 742-5238
FAX (318) 742-5766

**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 of Community Service Organizations, Inc.
Baton Rouge, Louisiana

I have audited the financial statements of Louisiana Association of Service Organizations, Inc., as of and for the year ended October 31, 2003, and have issued my report thereon dated April 28, 2004. 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 the Agency'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 the Agency'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 for the information of the audit committee, management, and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

James T. Bates

April 28, 2004

**LOUISIANA ASSOCIATION OF COMMUNITY
SERVICE ORGANIZATIONS, INC.**

Baton Rouge, Louisiana

**Schedule of Prior Audit Findings - Financial Statement Audit
October 31, 2003**

There were no findings for the previous audit period ending October 31, 2002.

**Schedule of Findings and Questioned Costs - Financial Statements Audit
October 31, 2003**

A. Summary of Audit Results

1. The auditor's report expresses an unqualified opinion on the financial statements of Louisiana Association of Community Service Organizations, Inc.
2. No reportable conditions 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 Louisiana Association of Community Service Organizations, Inc. were disclosed during the audit.

B. Findings

None

**LOUISIANA ASSOCIATION OF COMMUNITY
SERVICE ORGANIZATIONS, INC.**
Baton Rouge, Louisiana

Schedule of Prior Audit Findings for Louisiana Legislative Auditor
October 31, 2003

There was one finding for the previous audit period ending October 31, 2002.

The Association completed and submitted its financial records to the auditor within an adequate time frame to assure the timely completion and filing of its annual report.

Schedule of Current Audit Findings for Louisiana Legislative Auditor
October 31, 2003

Corrective Action Plan for Current Year Audit Findings

There were no findings for the year ended October 31, 2003.

There was one management letter comment for the current audit year ended October 31, 2003, as follows:

Comment #1

1. The Association is having a recurring failure to timely file its payroll reports with the various reporting entities.

Management's Response

Procedures have been implemented by the treasurer to assure that the payroll reports will be prepared and filed on a timely basis.

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BOSSIER CITY, LOUISIANA 71111

MEMBER
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

TELEPHONE
(318) 742-5238
FAX (318) 742-5766

Management Letter

The Board of Directors,
Louisiana Association of Community
Service Organizations, Inc.
Baton Rouge, Louisiana

I have audited the financial statements of Louisiana Association of Community Service Organizations, Inc. (the Association), for the year ended October 31, 2003, and have issued my report thereon dated April 28, 2004. In planning and performing the audit of the financial statements of the Association, I considered its internal control over financial reporting in order to determine the 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.

During the audit the following item was noted involving internal control over financial reporting and other operational matters which appear to merit your attention for consideration to improve the internal control or operations of the Association. These comments have been discussed with the appropriate members of management.

Accounting Department

1. The Association is having a recurring failure to timely file its payroll reports, therefore, subjecting the Association to unnecessary penalties. It is my recommendation that these reports be filed and paid on a timely basis.

I express sincere thanks to the Association's personnel for the cooperation and assistance provided me during my audit. I am available to provide you assistance and consultation in the implementation of the above mentioned item. This letter is furnished solely for the use of management and is not intended to be used for any other purpose.

J T Bates

April 28, 2004