SUNRISE HUMAN DEVELOPMENT AGENCY

Donaldsonville, Louisiana

FINANCIAL REPORT

June 30, 2002

SUNRISE HUMAN DEVELOPMENT AGENCY
Donaldsonville, Louisiana

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Sunrise Human Development Agency
Donaldsonville, Louisiana

We have audited the accompanying statements of financial position of **SUNRISE HUMAN DEVELOPMENT AGENCY** (a non-profit organization) as of June 30, 2002 and 2001, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide 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 **SUNRISE HUMAN DEVELOPMENT AGENCY** at June 30, 2002 and 2001, and the changes in its net assets and its cash flows for the years 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 a report dated September 24, 2002, on our consideration of **SUNRISE HUMAN DEVELOPMENT AGENCY's** internal control over financial reporting and our 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 our audit.

Faulk & Winkler, LLC

Certified Public Accountants

Baton Rouge, Louisiana
September 24, 2002

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Exhibit A

SUNRISE HUMAN DEVELOPMENT AGENCY

Donaldsonville, Louisiana

STATEMENTS OF FINANCIAL POSITION

June 30, 2002 and 2001

ASSETS

	2002	2001
CURRENT		
Cash	$ 7,567	$ 5,990
Accounts receivable	10,978	8,856
Prepaid expenses	1,588	640
Total current assets	20,133	15,486
FURNITURE AND EQUIPMENT - net	285	475
Total assets	$ 20,418	$ 15,961

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 10,922	$ 4,560
Note payable	25,000	-
Total current liabilities	35,922	4,560
NET ASSETS (deficit)	(15,504)	11,401
Total liabilities and net assets	$ 20,418	$ 15,961

The accompanying notes to financial statements
are an integral part of this statement.

Exhibit B

SUNRISE HUMAN DEVELOPMENT AGENCY

Donaldsonville, Louisiana

STATEMENTS OF ACTIVITIES

For the years ended June 30, 2002 and 2001

	2002	2001
REVENUE		
Grants		
Louisiana Office of Urban Affairs & Development	$ 249,000	$ 300,000
Louisiana Office of Community Services	5,000	12,000
Other	50,224	12,553
Medicaid	8,066	7,632
Interest and other	2,500	12,945
Total revenue	314,790	345,130
EXPENSES		
Direct services	236,164	259,817
General and administrative	105,531	95,834
Total expenses	341,695	355,651
Decrease in net assets	(26,905)	(10,521)
NET ASSETS		
Beginning of year	11,401	21,922
End of year (deficit)	$ (15,504)	$ 11,401

The accompanying notes to financial statements
are an integral part of this statement.

Exhibit C

SUNRISE HUMAN DEVELOPMENT AGENCY

Donaldsonville, Louisiana

STATEMENTS OF CASH FLOWS

For the years ended June 30, 2002 and 2001

	2002	2001
CASH FLOWS FROM OPERATING ACTIVITIES		
Decrease in net assets	$ (26,905)	$ (10,521)
Adjustments to decrease in net assets:		
Depreciation	190	70
Change in operating assets and liabilities:		
Accounts receivable and prepaid expenses	(3,069)	20,275
Accounts payable and accrued expenses	6,361	(1,582)
Net cash (used) provided by operating activities	(23,423)	8,242
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed asset acquisitions	-	(500)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from debt issuance	52,500	4,000
Payments to retire debt	(27,500)	(11,908)
Net cash provided (used) by financing activities	25,000	(7,908)
Net increase (decrease) in cash	1,577	(166)
CASH		
Beginning of year	5,990	6,156
End of year	$ 7,567	$ 5,990

The accompanying notes to financial statements
are an integral part of this statement.

SUNRISE HUMAN DEVELOPMENT AGENCY
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and operations

Sunrise Human Development Agency (SHDA) is a non-profit corporation whose purpose is to promote and enhance the social and economic welfare of the general population of Ascension, St. James, St. John, Iberville and Assumption Parishes, State of Louisiana. SHDA promotes parenting skills and literacy, and educates the population on substance abuse.

Basis of presentation

The financial statements of SHDA have been prepared on the accrual basis and on a going concern basis. See Note 2. The significant accounting policies are described below to enhance the usefulness of the financial statements.

SHDA reports information regarding their financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. SHDA does not have any temporarily restricted or permanently restricted net assets at June 30, 2002 and 2001.

The statement of activities presents the expenses of SHDA operations functionally between direct services, and general and administrative.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates are used primarily when accounting for depreciation.

Cash

For purposes of the statement of cash flows, SHDA considers cash in bank accounts as cash. SHDA has no cash equivalents at June 30, 2002 and 2001.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts receivable

Accounts receivable represent grants from governmental units and agencies.

Furniture, equipment and depreciation

Furniture and equipment are recorded at cost and donated property is recorded at fair market value. Depreciation is computed using the straight-line method over the estimated service lives of the assets.

Vacation and sick leave

All full time employees of SHDA are entitled to annual vacation and sick leave. Employees are able to carryover 50% of unused sick days and ten vacation days to the subsequent year with a maximum of thirty days. At June 30, 2002, accrued compensated absences were $1,721. No amounts were accrued at June 30, 2001.

Fair value financial instruments

The carrying value of cash, accounts receivable and payable, and note payable approximate fair value due to the short-term maturity of these instruments.

Income taxes

Sunrise Human Development Agency is a non-profit agency and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

NOTE 2 - GOING CONCERN

A going concern basis contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business. SHDA has experienced net losses and has accumulated a capital deficit. The capital deficit has been funded from debt provided by its financial institution. Additionally, SHDA has acquired grants for the year ended June 30, 2003 which appear to be sufficient to maintain its operations on a going concern basis.

NOTE 3 - FURNITURE AND EQUIPMENT

Furniture and equipment, related services lives, and accumulated depreciation at June 30, 2002 and 2001 are as follows:

	Estimated Service Lives	2002	2001
Equipment	5-7 years	$ 31,294	$ 31,294
Furniture	7 years	16,277	16,277
Vehicles	5 years	33,992	33,992
		81,563	81,563
Less accumulated depreciation		(81,278)	(81,088)
		$ 285	$ 475

Depreciation expense was $190 and $70 for the years ended June 30, 2002 and 2001, respectively.

NOTE 4 - NOTE PAYABLE

SHDA has a $30,000 revolving line of credit of which $5,000 was unused at June 30, 2002. Bank advances on the credit line ($25,000 at June 30, 2002) are payable on demand and have an interest rate of 7.75%. The credit line is unsecured.

At June 30, 2001, the line of credit was unused.

NOTE 5 - ECONOMIC DEPENDENCY

Revenues from the State of Louisiana, for the years ended June 30, 2002 and 2001, are $254,000 and $312,000, respectively. Accordingly, SHDA is economically dependent on the State of Louisiana.

NOTE 6 - CONCENTRATIONS OF CREDIT RISK

Financial instruments which subject SHDA to concentrations of credit risk consist primarily of receivables. In addition, SHDA maintains cash in local banks, which may, at times, exceed the FDIC limits.

Special Independent Auditors' Report

SUNRISE HUMAN DEVELOPMENT AGENCY

Donaldsonville, Louisiana

June 30, 2002

FAULK & WINKLER LLC
Certified Public Accountants • Business Advisors

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

Board of Directors
Sunrise Human Development Agency
Baton Rouge, Louisiana

We have audited the financial statements of **SUNRISE HUMAN DEVELOPMENT AGENCY (SHDA)** (a non-profit organization) as of and for the year ended June 30, 2002, and have issued our report thereon dated September 24, 2002. 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.

Compliance

As part of obtaining reasonable assurance about whether **SHDA**'s financial statements are free of material misstatement, we 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 our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as Item 2002-1.

Internal Control over Financial Reporting

In planning and performing our audit, we considered **SHDA's** internal control over financial reporting to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting, that, in our judgment, could adversely affect **SHDA's** ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses.

However, the reportable condition described in the Schedule of Findings and Questioned Costs as Item 2002-2 involving internal control over financial reporting is also considered to be a material weakness as defined above.

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This report is intended for the information of the Board of Directors, management, and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties.

Faulk & Winkler, LLC

Certified Public Accountants

Baton Rouge, Louisiana
September 24, 2002

SUNRISE HUMAN DEVELOPMENT AGENCY
Donaldsonville, Louisiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2002

A) SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of Sunrise Human Development Agency.
2. There was one instance of noncompliance material to the financial statements in relation to this audit that is described in Item 2002-1.
3. There is one internal control finding that is described in Item 2002-2.

B) FINDING – FINANCIAL STATEMENT AUDIT

2002-1 ACCUMULATED CAPITAL DEFICIT

Observation: At June 30, 2002, Sunrise Human Development Agency ended the year with a capital deficit of $15,504. The deficit was funded by debt acquired from its financial institution. The deficit was the result of reduced funding from the State of Louisiana in 2002.

Recommendation: Sunrise Human Development Agency should monitor revenues and expenses to avoid future capital deficits and conduct its operations in a profitable manner.

Management's corrective action plan: Management has acquired funding from the State of Louisiana sufficient to operate 2003 in a profitable manner and eliminate the capital deficit of $15,504 at June 30, 2002.

2002-2 SEGREGATION OF DUTIES

Observation: There is not sufficient segregation of duties to have effective internal control. The finding results from the small size of the organization. These limitations allow no opportunity for meaningful segregation of duties.

Recommendation: No action recommended.

Management's corrective action plan: We concur with the finding.

FAULK & WINKLER LLC
Certified Public Accountants • Business Advisors

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

Board of Directors
Sunrise Human Development Agency
Donaldsonville, Louisiana

Our report on our audit of the basic financial statements of **SUNRISE HUMAN DEVELOPMENT AGENCY** as of June 30, 2002 appears on page 1. We conducted our audit in accordance with auditing standards generally accepted in United States of America for the purpose of forming an opinion on the basic financial statements taken as a whole. The Schedule of Operating Expenses and Statistical Information for the years ended June 30, 2002 is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Faulk & Winkler LLC

Certified Public Accountants

Baton Rouge, Louisiana
September 24, 2002

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SUNRISE HUMAN DEVELOPMENT AGENCY

Donaldsonville, Louisiana

SCHEDULE OF OPERATING EXPENSES

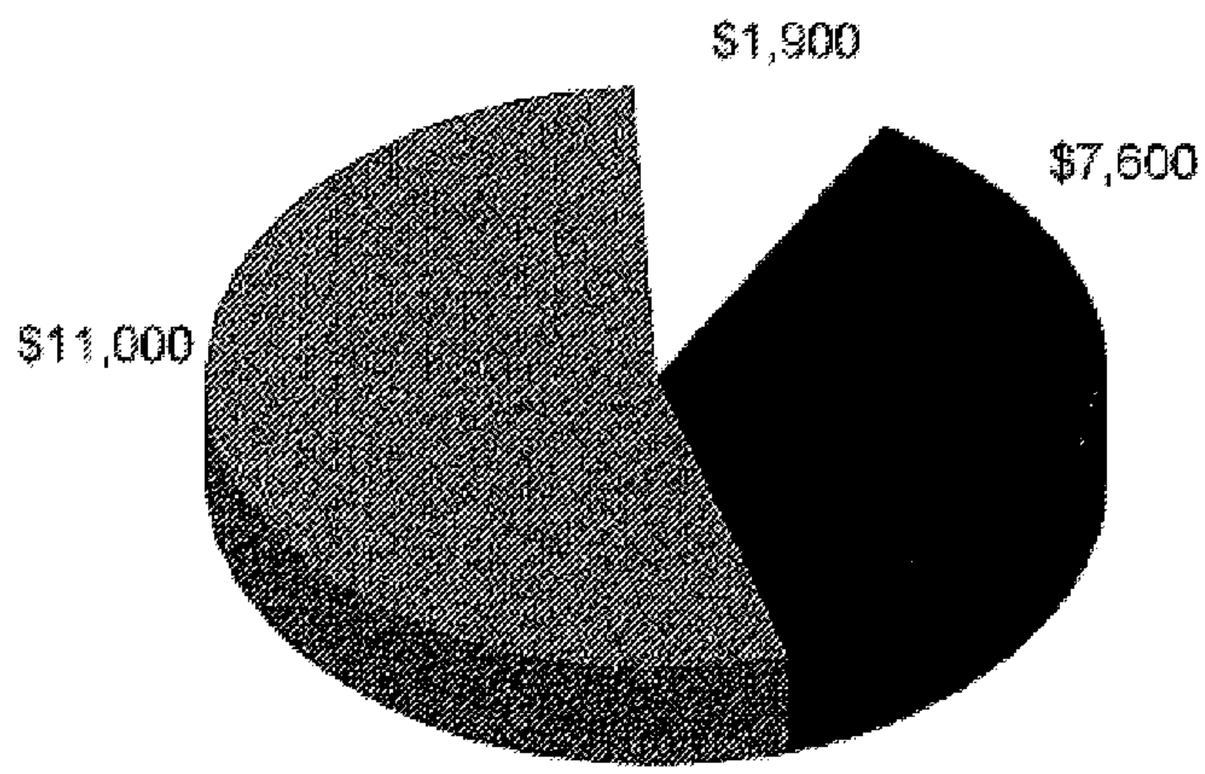
For the year ended June 30, 2002

	Direct Services	General and Administrative	Totals 2002	Totals 2001
Salaries	$ 121,614	$ 76,087	$ 197,701	$ 189,424
Payroll taxes	11,914	6,620	18,534	16,251
Professional	64,757	7,911	72,668	95,800
Rent and leases	10,500	3,569	14,069	13,984
Utilities and telephone	10,898	-	10,898	13,982
Insurance	10,499	-	10,499	9,629
Office supplies	-	5,864	5,864	4,919
Maintenance	4,145	-	4,145	2,788
Bank charges and interest	-	1,534	1,534	342
Travel	1,261	-	1,261	1,681
Postage	-	869	869	1,087
Printing	-	641	641	1,555
Depreciation	-	190	190	70
Advertising and promotion	100	-	100	1,378
Other	476	2,246	2,722	2,761
Total	$ 236,164	$ 105,531	$ 341,695	$ 355,651

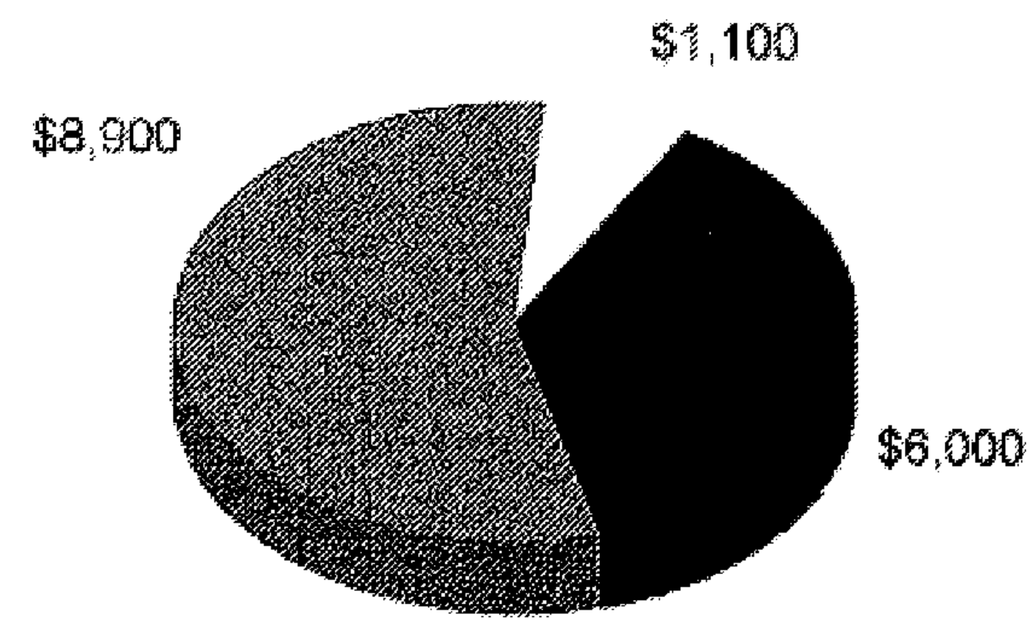
STATISTICAL INFORMATION

ASSETS

SUNRISE HUMAN DEVELOPMENT AGENCY



JUNE 30, 2002



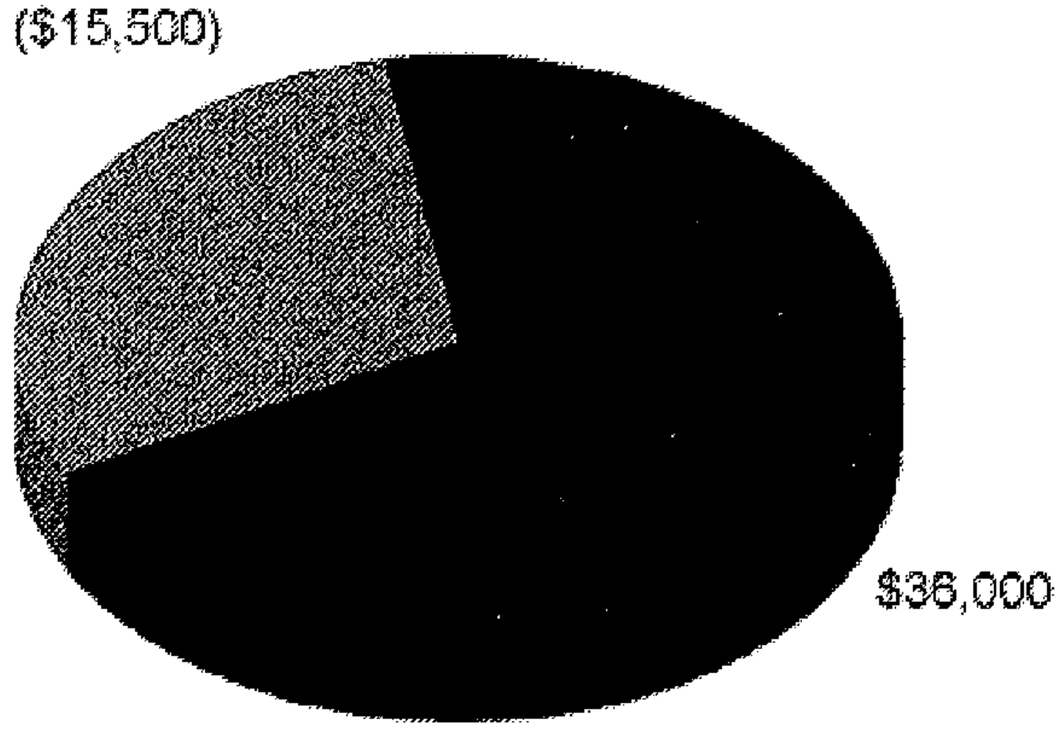
JUNE 30, 2001

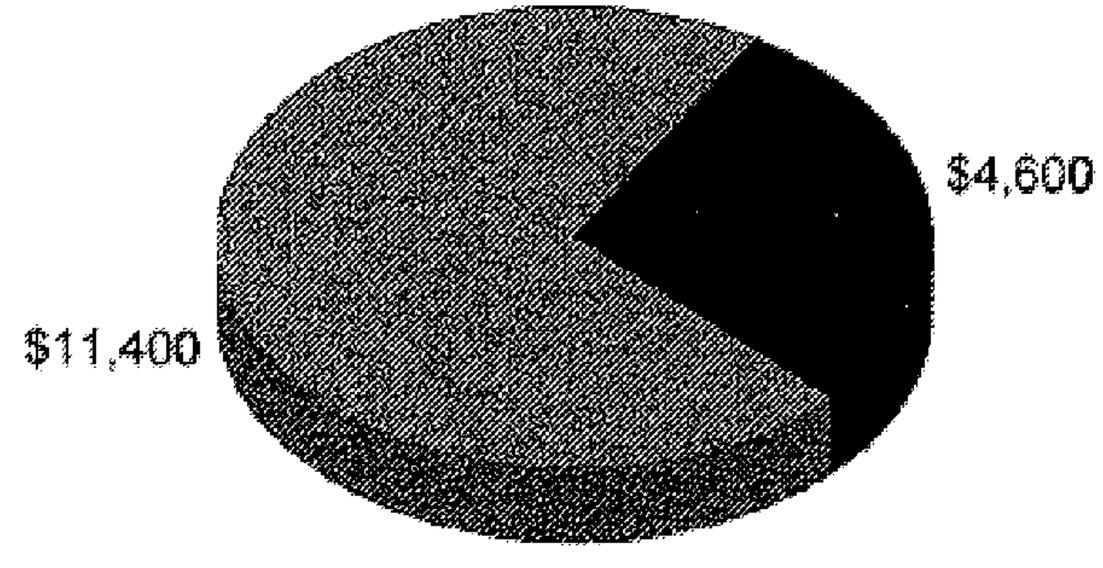
■ CASH ▨ ACCOUNTS RECEIVABLE OTHER

TOTAL ASSETS = $20,500

TOTAL ASSETS = $16,000

LIABILITIES AND NET ASSETS
SUNRISE HUMAN DEVELOPMENT AGENCY





JUNE 30, 2002

JUNE 30, 2001

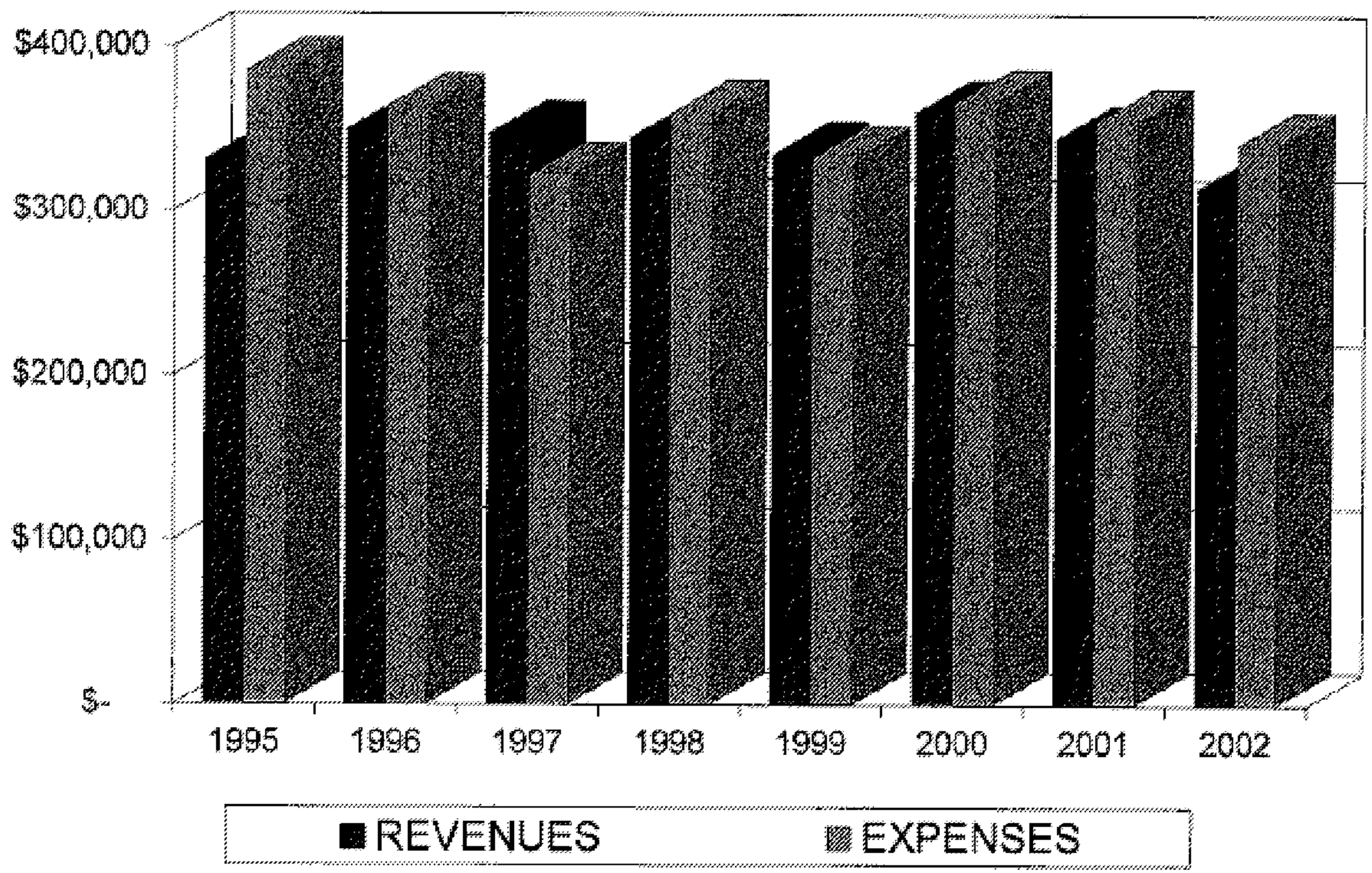
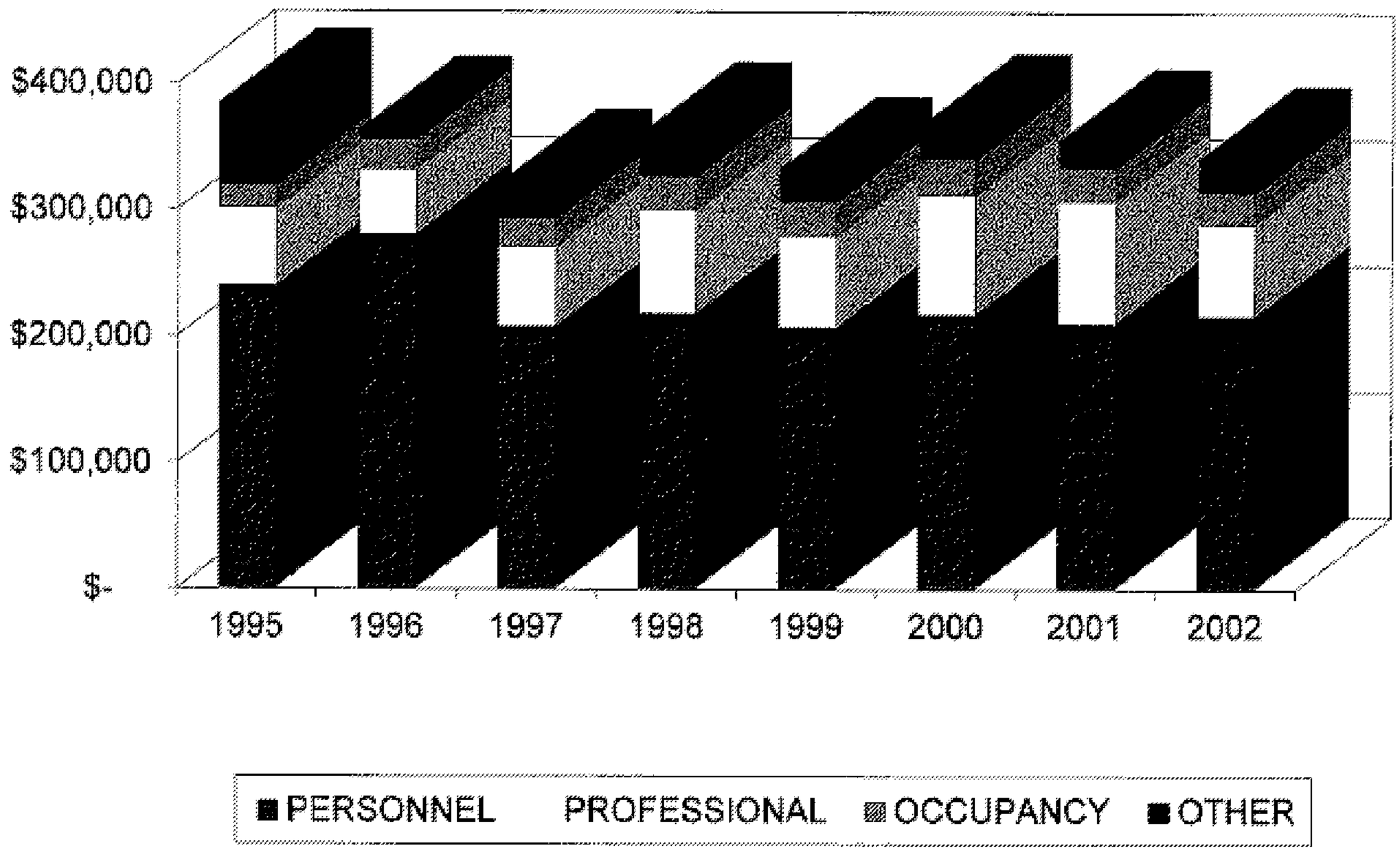
■ LIABILITIES ▨ NET ASSETS

LIABILITIES = $36,000
NET ASSETS = $(15,500)

LIABILITIES = $4,600
NET ASSETS = $11,400

REVENUES AND EXPENSES

SUNRISE HUMAN DEVELOPMENT AGENCY



EXPENSE ANALYSIS
SUNRISE HUMAN DEVELOPMENT AGENCY