

**THE ALS ASSOCIATION LOUISIANA -**  
**MISSISSIPPI CHAPTER**

**JANUARY 31, 2011**

**BATON ROUGE, LOUISIANA**

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 **SEP 21 2011**

## CONTENTS

### Audited Financial Statements:

Independent Auditor's Report.....	Page 1 - 2
Statement of Financial Position.....	3
Statement of Activities.....	4
Statement of Cash Flows.....	5
Statement of Functional Expenses.....	6 - 7
Notes to Financial Statements.....	8 - 12
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.....	13 - 14
Schedule of Findings and Questioned Costs.....	15
Schedule of Prior Audit Findings.....	16

2322 Tremont Drive • Baton Rouge, LA 70809  
178 Del Orleans Avenue, Suite C • Denham Springs, LA 70726  
Phone: 225.928.4770 • Fax: 225.926.0945  
www.htbcpa.com

July 20, 2011

Independent Auditor's Report

Board of Directors  
The ALS Association Louisiana - Mississippi Chapter  
Baton Rouge, Louisiana

We have audited the accompanying Statement of Financial Position of The ALS Association Louisiana - Mississippi Chapter (a nonprofit organization) as of January 31, 2011, and the related Statements of Activities, Cash Flows, and Functional Expenses for the year ended January 31, 2011. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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. 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 audit provides 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 The ALS Association Louisiana - Mississippi Chapter as of January 31, 2011, 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*, we have also issued our report dated July 20, 2011, on our consideration of The ALS Association Louisiana - Mississippi Chapter's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing,

and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Respectfully submitted,

*Hannis T. Bourgeois, LLP*

THE ALS ASSOCIATION LOUISIANA - MISSISSIPPI CHAPTER

STATEMENT OF FINANCIAL POSITION

AS OF JANUARY 31, 2011

ASSETS

**Current Assets:**

Cash	\$ 70,918
Grant Receivables	7,941
Prepaid Expenses	4,799
Total Current Assets	<u>83,658</u>

**Property and Equipment:**

Durable Medical Equipment	170,094
Office Equipment	9,930
	<u>180,024</u>
Less: Accumulated Depreciation	<u>(58,570)</u>
	121,454

**Other Assets**

	<u>810</u>
Total Assets	<u>\$ 205,922</u>

LIABILITIES AND NET ASSETS

**Current Liabilities:**

Accounts Payable	\$ 40,542
Accrued Liabilities	15,748
Total Current Liabilities	<u>56,290</u>

**Net Assets:**

Unrestricted	69,491
Temporarily Restricted	80,141
Total Net Assets	<u>149,632</u>
Total Liabilities and Net Assets	<u>\$ 205,922</u>

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

**THE ALS ASSOCIATION LOUISIANA - MISSISSIPPI CHAPTER**

**STATEMENT OF ACTIVITIES**

FOR THE YEAR ENDED JANUARY 31, 2011

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Support and Revenue:</b>			
Contributions	\$ 43,946	\$ 122,878	\$ 166,824
Contributions - Research	225	-	225
Grant	74,020	-	74,020
Donated Durable Medical Equipment	57,211	-	57,211
In Kind Donations	35,246	-	35,246
Interest Income	202	-	202
Walk to D'Feet ALS	316,099	-	316,099
Gala	63,540	-	63,540
Other Fundraisers	30,023	-	30,023
Net Assets Released from Restriction	<u>107,657</u>	<u>(107,657)</u>	<u>-</u>
 Total Support and Revenue	 728,169	 15,221	 743,390
 <b>Expenses:</b>			
Patient Services	313,792	-	313,792
Advocacy	30,525	-	30,525
Public Education	<u>93,483</u>	<u>-</u>	<u>93,483</u>
 Total Program Services	 437,800	 -	 437,800
 Management and General	 49,403	 -	 49,403
Fund-Raising	<u>161,940</u>	<u>-</u>	<u>161,940</u>
	649,143	-	649,143
 <b>Unallocated Payments to Affiliated Organizations:</b>			
Revenue Sharing	19,181	-	19,181
Research	<u>225</u>	<u>-</u>	<u>225</u>
 Total Unallocated Payments	 <u>19,406</u>	 <u>-</u>	 <u>19,406</u>
 Total Expenses	 <u>668,549</u>	 <u>-</u>	 <u>668,549</u>
 <b>Change in Net Assets</b>	 59,620	 15,221	 74,841
<b>Net Assets, Beginning of Year</b>	<u>9,871</u>	<u>64,920</u>	<u>74,791</u>
<b>Net Assets, End of Year</b>	<u>\$ 69,491</u>	<u>\$ 80,141</u>	<u>\$ 149,632</u>

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

THE ALS ASSOCIATION LOUISIANA - MISSISSIPPI CHAPTER

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JANUARY 31, 2011

**Cash Flows From Operating Activities:**

Change in Net Assets	\$ 74,841
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	26,777
Donated Equipment	(52,193)
Changes in Assets and Liabilities:	
(Increase) Decrease in Receivables	(7,941)
(Increase) Decrease in Prepaid Expenses	(4,799)
Increase (Decrease) in Accounts Payable	18,870
Increase (Decrease) in Accrued Liabilities	1,334
Increase (Decrease) in Deferred Income	(66,079)
Net Cash Used in Operating Activities	(9,190)

**Cash Flows from Investing Activities:**

Purchases of Equipment	(30,000)
Net Cash Used in Investing Activities	(30,000)

**Cash Flows from Financing Activities:**

Payments on Long-Term Debt	(10,000)
Proceeds from Related Party Loan	10,000
Net Cash Used in Financing Activities	-

**Net Increase (Decrease) in Cash** (39,190)

**Cash at Beginning of Year** 110,108

**Cash at End of Year** \$ 70,918

**Supplemental Disclosures of Cash Flow Information:**

Cash Payments for:	
Interest Expense	\$ 723

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

**THE ALS ASSOCIATION LOUISIANA - MISSISSIPPI CHAPTER**

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JANUARY 31, 2011

	<u>Patient Services</u>	<u>Advocacy</u>	<u>Public Education</u>
Salaries	\$ 126,973	\$ 19,805	\$ 33,401
Payroll Taxes	11,217	1,750	2,951
Payroll Employee Benefits	<u>10,012</u>	<u>1,562</u>	<u>2,634</u>
 Total Personnel Cost	 148,202	 23,117	 38,986
 ALS Awareness Month	 -	 -	 479
Bank Charges	-	-	-
Benefits Management	239	37	63
Board Expenses	363	57	95
Clinic	9,848	-	-
Computers and Networking	8,436	1,316	2,219
Database, Dues and Subscriptions	3,122	-	1,935
Durable Medical Equipment Repairs and Rentals	2,223	-	-
Education and Training	1,702	-	83
In-Kind Expense	5,018	-	-
Insurance (Medical Liability)	987	154	259
Insurance- Workman's Comp	2,646	413	696
Interest Expense	380	59	100
Legal and Professional Fees	10,113	1,577	2,660
Miscellaneous Expense	589	-	245
Mississippi Office	1,418	221	374
National Caregivers Month	256	-	-
Office Expenses	4,971	775	1,308
Office Lease	6,551	1,022	1,723
Other Fundraisers	-	-	-
Payroll Expenses	2,661	415	700
Payroll Services	3,159	493	831
Patient Holiday Outing/Picnic	87	-	-
Postage and Delivery	2,013	1	193
Resources and References	415	-	705
Respite Care	24,000	-	-
Revenue Sharing	21,656	-	14,761
Support Groups	9,700	-	-
Symposium	-	-	274
Transportation Program Costs	4,361	-	-
Travel	12,042	574	4,036

(CONTINUED)



<u>Total Programs</u>	<u>Management and General</u>	<u>Fund-Raising</u>	<u>Total</u>
\$ 180,179	\$ 20,861	\$ 40,664	\$ 241,704
15,918	1,842	3,592	21,352
14,208	1,645	3,206	19,059
<hr/>	<hr/>	<hr/>	<hr/>
210,305	24,348	47,462	282,115
479	-	-	479
-	-	6,029	6,029
339	39	77	455
515	59	116	690
9,848	-	-	9,848
11,971	1,386	2,702	16,059
5,057	165	-	5,222
2,223	-	-	2,223
1,785	686	-	2,471
5,018	-	32,546	37,564
1,400	162	316	1,878
3,755	435	848	5,038
539	62	122	723
14,350	1,662	3,239	19,251
834	-	-	834
2,013	233	454	2,700
256	-	-	256
7,054	817	1,592	9,463
9,296	1,076	2,098	12,470
-	-	27,585	27,585
3,776	437	852	5,065
4,483	519	1,012	6,014
87	-	-	87
2,207	1,427	1,875	5,509
1,120	-	-	1,120
24,000	-	-	24,000
36,417	11,668	21,126	69,211
9,700	-	-	9,700
274	-	-	274
4,361	-	-	4,361
16,652	68	1,172	17,892

	<u>Patient Services</u>	<u>Advocacy</u>	<u>Public Education</u>
Travel-Patients	-	294	1,127
Utilities	1,726	-	50
Walk to D'Feet ALS	-	-	19,581
Depreciation	24,908	-	-
	<u>\$ 313,792</u>	<u>\$ 30,525</u>	<u>\$ 93,483</u>

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

<u>Total Programs</u>	<u>Management and General</u>	<u>Fund-Raising</u>	<u>Total</u>
1,421	1,140	-	2,561
1,776	1,145	630	3,551
19,581	-	10,087	29,668
24,908	1,869	-	26,777
<u>\$ 437,800</u>	<u>\$ 49,403</u>	<u>\$ 161,940</u>	<u>\$ 649,143</u>

# THE ALS ASSOCIATION LOUISIANA - MISSISSIPPI CHAPTER

## NOTES TO FINANCIAL STATEMENTS

JANUARY 31, 2011

### **Note 1 - Summary of Significant Accounting Policies -**

#### Organization and Purpose

The ALS Association Louisiana - Mississippi Chapter is a not-for-profit Chapter in Organization (CIO) of the National Amyotrophic Lateral Sclerosis (ALS) Association. Amyotrophic Lateral Sclerosis (ALS) is also known as Lou Gehrig's Disease.

The Association was incorporated in Louisiana on April 13, 2005, as The ALS Association Louisiana Friends Group, and the name was changed to The ALS Association Louisiana Chapter on December 2, 2008. The Association's name changed again on May 22, 2009 to The ALS Association Louisiana - Mississippi Chapter.

The primary purposes of The ALS Association Louisiana Chapter are to provide services, free of charge, to ALS patients throughout Louisiana and Mississippi, to serve as advocates for the ALS community, and to increase public awareness of ALS.

#### Basis of Presentation

The Association is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. At January 31, 2011, there are no permanently restricted net assets.

#### Basis of Accounting

The Organization prepares its financial statements on the accrual basis of accounting. Accordingly, revenues are recognized when earned and expenses are recognized when incurred.

#### Income Tax Status

The ALS Association Louisiana - Mississippi Chapter has been recognized by the Internal Revenue Service as an exempt organization under Section 501(c)(3) of the Internal Revenue Code. Therefore, the financial statements have no provision for state and federal income taxes.

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this guidance, the Association may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. There were no unrecognized tax benefits identified or recorded as liabilities for the year ended January 31, 2011.

The Association files income tax returns in the U.S. federal jurisdiction. With few exceptions, the Association is no longer subject to federal tax examinations by tax authorities for years before 2007. Any interest and penalties assessed by income taxing authorities are not significant and are included in general and administrative expenses in these financial statements, if applicable.

#### Restricted and Unrestricted 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.

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 expires (that is, when a stipulated time restriction ends or purpose of 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.

#### Account Receivable

Uncollectible accounts receivable are charged directly against earnings when they are determined to be uncollectible. Use of this method does not result in a material difference from the valuation method required by generally accepted accounting principles.

#### Equipment

Equipment is carried at cost or, if donated, at the approximate fair market value at the date of the donation. Expenditures for additions, renewals and betterments are capitalized; expenditures for maintenance and repairs are charged to expenses as incurred. Upon sale or retirement of assets, the cost and accumulated depreciation are eliminated from the accounts and the resulting gain or loss is reflected in income. The Association's policy is to capitalize assets the cost of which is \$500 or more and an estimated useful life of greater than one year.

In addition, the Association capitalizes all durable medical equipment, regardless of cost, that it lends to ALS patients. Depreciation is computed on a straight line basis over five years.

#### Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents include cash on hand and money market accounts with original maturity of three months or less.

#### Lease Commitment

Rent expense is recognized on a straight-line basis over the term of the lease.

#### Concentrations

At various times during the year, cash on deposit with one banking institution may exceed the maximum amount allowed by the Federal Deposit Insurance Corporation. Management monitors the financial condition of the institution on a regular basis, along with their balances in cash to minimize this potential risk.

Approximately 43% of the Association's support and revenue for the fiscal year was provided from the annual Walks to D'Feet ALS.

Substantially all of the support and revenue for the Association is raised from activities in Louisiana.

#### Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

#### Donated Services

The Organization recognizes contribution revenue for certain services received at the fair value of those services provided those services create or enhance non-financial assets or require specialized skills which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. The value of contributed services meeting the requirements for recognition in the financial statements was not material and have not been recorded.

#### Functional Allocation of Expenses

The costs of providing the various programs and supporting services have been summarized on a functional basis in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the program and supporting services benefited based on payroll or specific allocation.

#### Joint Costs of Activities that Include a Fund-Raising Appeal

The Association achieves some of its program goals during the walk to D'Feet ALS that includes requests for contributions. The costs of conducting those walks included a total of \$29,668 of joint costs that were not directly attributable to either program or fund-raising activities. Those costs were allocated as follows:

Public Education	\$ 19,581
Fund-Raising	<u>10,087</u>
	<u>\$ 29,668</u>

#### Subsequent Events

The Association evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through July 20, 2011, the date which the financial statements were available to be issued.

**Note 2 - Related Parties -**

The ALS Association Louisiana - Mississippi Chapter is affiliated with The ALS Association ("National Office") and revenue shares with the National Office according to the affiliate agreement. Amounts paid for the fiscal year ended January 31, 2011 totaled \$88,617. The Association owes the National Office \$31,194, which is included in accounts payable at January 31, 2011.

**Note 3 - Commitments -**

The Association is leasing its office space for the period from May 1, 2009 to April 30, 2012, with a monthly payment of \$1,000. In addition to the lease for office space, the Association pays rent on a month-to-month basis for parking spaces. The Association's rent expense for the year ended January 31, 2011 under all lease agreements was \$12,470. The total minimum rental commitment at January 31, 2011, under the terms of the lease for office space is due as follows:

<u>Years</u>	<u>Amounts</u>
2012	\$ 12,000
2013	3,000
	<u>\$ 15,000</u>

**Note 4 - Net Assets Released from Restrictions -**

Net assets were released from restrictions for incurring expenses, satisfying the restricted purpose.

Restrictions Accomplished:	
Advocacy & Public Policy Conference	\$ 2,500
Awareness and Education	300
Communication Devices	30,000
Kids Care Program	613
Patient Service Specialist	23,443
Respite Care	26,791
Strategic Planning Project	6,667
Support Group Meetings & Clinic	2,750
Technology	10,196
Transportation Program	4,397
	<u>\$ 107,657</u>

**Note 5 - Restriction on Net Assets -**

Temporarily restricted net assets are available for the following purposes:

Respite Care	\$ 57,209
Technology	701
Transportation Program	<u>22,231</u>
	<u>\$ 80,141</u>

**Note 6 - Agency Transactions -**

In prior year, the Association received funding from AARP to pay the speaker expense for the Coalition For Change conference. At January 31, 2010 the Association had received \$5,000 to pay for the speaker of the event. These funds were remitted for payment of services in current fiscal year once the services were performed. The balance at year end is zero.



2322 Tremont Drive • Baton Rouge, LA 70809  
178 Del Orleans Avenue, Suite C • Denham Springs, LA 70726  
Phone: 225.928.4770 • Fax: 225.926.0945  
www.htbcpa.com

July 20, 2011

To the Board of Directors  
The ALS Association Louisiana - Mississippi Chapter  
Baton Rouge, Louisiana

We have audited the financial statements of The ALS Association Louisiana - Mississippi Chapter (a non-profit organization) as of and for the year ended January 31, 2011, and have issued our report thereon dated July 20, 2011. 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.

#### Internal Control over Financial Reporting

In planning and performing our audit, we considered The ALS Association Louisiana - Mississippi Chapter's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The ALS Association Louisiana - Mississippi Chapter's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether The ALS Association Louisiana - Mississippi Chapter's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of The ALS Association Louisiana - Mississippi Chapter in a separate letter dated July 20, 2011.

This report is intended for the Board of Directors, management, the Office of the Louisiana Legislative Auditor and any cognizant agency and is not intended to be and should not be used by anyone other than these specified parties. However, under the provisions of Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document and its distribution is not limited.

Respectfully submitted,

*Hammis T. Bourgeois, LLP*

**THE ALS ASSOCIATION LOUISIANA - MISSISSIPPI CHAPTER**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**FOR THE YEAR ENDED JANUARY 31, 2011**

None.

**THE ALS ASSOCIATION LOUISIANA - MISSISSIPPI CHAPTER**

**SCHEDULE OF PRIOR AUDIT FINDINGS**

**FOR THE YEAR ENDED JANUARY 31, 2011**

None

**THE ALS ASSOCIATION LOUISIANA -**  
**MISSISSIPPI CHAPTER**  
**MANAGEMENT LETTER**  
**JANUARY 31, 2011**  
**BATON ROUGE, LOUISIANA**

2322 Tremont Drive • Baton Rouge, LA 70809  
178 Del Orleans Avenue, Suite C • Denham Springs, LA 70726  
Phone: 225.928.4770 • Fax: 225.926.0945  
www.htbcpa.com

July 20, 2011

To the Board of Directors  
The ALS Association Louisiana - Mississippi Chapter  
Baton Rouge, Louisiana

In planning and performing our audit of the financial statements of The ALS Association Louisiana - Mississippi Chapter ("Association") for the year ended January 31, 2011, in accordance with auditing standards generally accepted in the United States of America, we considered the Association's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control

However, during our audit, we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. This letter does not affect our report dated July 20, 2011, on the financial statements of The ALS Association Louisiana - Mississippi Chapter.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various Association personnel, and we will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. Our comments are summarized as follows:

#### **Fixed Assets**

##### Finding:

In completing our prior year auditing procedures, we noted two issues related to fixed assets. We noted that donated equipment that was received throughout the year was not being recorded or capitalized. We also noted that purchased equipment was not being capitalized but rather expensed during the year.

Recommendation:

We recommended that the Board establish a capitalization policy which will set a dollar amount for capitalization of fixed assets for both donated and purchased assets.

We recommended that any donated equipment be recorded in accordance with the capitalization policy approved by the Board. We also recommended that expenses be reviewed throughout the year to determine the appropriate classifications as a fixed asset or a repair and maintenance expenditure.

Corrective Action Taken:

During the current year audit, we noted that both the donated equipment and purchased equipment in excess of the capitalization policy of \$500 were recorded as capital assets at January 31, 2011.

Additional Recommendation:

In completing our current year audit procedures, we noted that the depreciation expense was not properly recorded as of January 31, 2011. As a result, an entry to record depreciation expense and the related accumulated depreciation in the amount of \$26,777 was required.

We recommend that the necessary entries to record depreciation expense be properly recorded as of January 31, 2011.

**Revenue Recognition**

Finding:

During our current and prior year audit procedures, the determination was made on the DHH grant that the funds received were for services provided and that revenue should be recognized as earned over the grant period. As the determination was made in the prior year as a result of the audit, the appropriate entries were not made at that time to properly reflect the recognition of income upon the earning of the revenue when services were provided. Even though the determination was made in the prior year, the current year revenues were not adjusted to properly reflect the recognition of income based on the period in which the revenue was earned. During the current year, we made adjusting entries to recognize revenue which were deferred in the prior year in the amount of \$66,079 and to record current year revenue and receivable of \$7,941.

Recommendation:

In an effort to present more accurate financial statements during the year, we continue to recommend that controls be implemented to recognize revenue when earned. This would result in proper recognition of revenue and matching of expenditures. In addition, the Board would receive more accurate financial statements during the year so that it would be able to make more informed financial decisions.

## **Grant Revenues and Expenses**

### Finding:

During the prior year audit, we noted instances for improvement related to grant revenues and expenses.

1. The Association did not maintain reconciliation(s) for restricted funds received and related releases of restrictions (expenses applied) on a fiscal year basis.
2. Time records for employees' actual time providing services under various grants were not being maintained. Instead, salaries were charged to the grant for certain employees based on a predetermined or budgeted percentage instead of requiring all employees to maintain time sheets to document the actual time spent by these employees on each grant.

### Recommendation:

We recommended that documentation of restrictions or purposes of donations be maintained on a consistent basis. We recommended that procedures be implemented to track grant revenue and expenses on a fiscal year basis in addition to the reporting period of the grant. The reconciliation will ensure the accuracy of allocations to grants and aid in the determination of grant expenditures. The reconciliation should include an allocation of payroll and benefits charged to each grant, as well as expenditures, to ensure the accuracy of releases of restrictions.

Cost should be charged to grants based on actual time spent by each employee and the agreed upon pay rate in the contract. All employees should be required to keep timesheets indicating their actual hours worked by grant or program. In addition, only pay rates up to the maximum allowed by contract should be billed to a grant.

### Corrective Action Taken:

We noted of the two findings noted above the Association maintained a reconciliation of the restricted funds received and the related releases of restrictions on the fiscal year basis through the use of QuickBooks.

### Additional Recommendation:

We continue to recommend that the cost charged to grants be based on actual time spent by each employee and at the agreed upon rate in the contract. All employees should be required to keep timesheets indicating their actual hours worked by grant or program. In addition, only pay rates up to the maximum allowed by contracts should be billed to a grant.

## **Allocation of Time**

### Finding:

During our prior year audit, we noted that time spent on general and administrative services, patient services or fund raising was not documented for the time worked in each area.



Recommendation:

We recommended the Association establish a policy of recording time spent in various areas mentioned above. We continue to recommend staff maintain their time worked for at least two months during the year (or representative sample) to support time charged and allocated among general and administrative services, patient services and fund raising.

Corrective Action Taken:

During the current year audit, we noted that the Association did maintain timesheets for employees that indicated time charged to each functional area in which they worked.

This report is intended for the Board of Directors, management, the Office of the Louisiana Legislative Auditor and any cognizant agency and is not intended to be and should not be used by anyone other than these specified parties. However, under the provisions of Louisiana Revised Statute 24:513, this report is distributed by the legislative auditor as a public document and its distribution is not limited.

Respectfully submitted,

*Hannia T. Bourgeois, LLP*

July 28, 2011

**BOARD OF TRUSTEES**

President  
Valerie Myers, PhD  
Vice President  
John P. Schittone, Jr. SPHR  
Treasurer  
Nic Ourso, CPA, CFP  
Secretary  
Jennifer Aycok Motlow, J.D.

**BOARD OF DIRECTORS**

Mark A. Adams  
Brent W. Allain, Jr. M.D.  
Robert Anderson  
Claire Drummond, R.D., PA-C  
Pamela S. Dore  
Billy Dyle  
Thomas Sandahl  
Dianna Stephens  
Patty Prats-Swarson  
Robert Sibille  
Jimmy Waters  
Judge Jewel "Duke" Welch

**ADVISORY COUNCIL**

Katy Brown, J.D., Chair  
Leopold A. deAlvarez, M.D.  
Charles McCreary  
Marc Pearce

Executive Director  
Kelly Hutson Viator, M.P.A.

**The ALS Association Louisiana-Mississippi Chapter**

Response to: Audit 2011 Management Letter

Prepared by: Kelly Hutson Viator

**Fixed Assets**

**Additional Recommendation:** It is recommended by Hannis T. Bourgeois that the necessary entries to record depreciation expense be properly recorded as of January 31, 2011.

**Response:** The ALS Association will enter the necessary entries to record depreciation expense as of the last day of the fiscal year.

**Revenue Recognition**

**Recommendation:** In an effort to present more accurate financial statements during the year, Hannis T. Bourgeois continues to recommend that the controls be implemented to recognize revenue when earned.

**Response:** Staff will confer with the Finance Committee to consider recognizing revenue when earned, based on Hannis T. Bourgeois' recommendation.

**Grant Revenues and Expenses**

**Additional Recommendation:** Hannis T. Bourgeois continues to recommend that the cost charged to grants be based on actual time spent by each employee and at the agreed upon rate in the contract. All employees should be required to keep timesheets indicating their actual hours worked by grant or program. In addition, only pay rates up to the maximum allowed by contracts should be billed to the grant.

**Response:** The ALS Association will explore the most efficient way to calculate time worked on a particular job and implement based on recommendations by the auditor, Hannis T. Bourgeois.

**Allocation of Time**

**Recommendation:** Hannis T. Bourgeois recommended the Association establish a policy of recording time spent in various areas mentioned in the finding.

**Response:** Corrective action was taken and noted accordingly.