

SHREVEPORT GREEN
AUDITED FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

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 8/25/10

SHREVEPORT GREEN
SHREVEPORT, LOUISIANA

TABLE OF CONTENTS

AUDITED FINANCIAL STATEMENTS

	<u>Page</u>
Independent Auditor's Report	1
Statements of Financial Position	2
Statements of Activities	3
Statements of Cash Flows	4
Statements of Functional Expenses	5
Notes to Financial Statements	6-9

OTHER REPORTS

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	10-11
Schedule of Findings and Questioned Costs	12-13
Schedule of Prior Year Findings	14

AUDITED FINANCIAL STATEMENTS

HEARD, McELROY, & VESTAL

LLP

CERTIFIED PUBLIC ACCOUNTANTS

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June 29, 2010

The Board of Directors
Shreveport Green
Shreveport, Louisiana

Independent Auditor's Report

We have audited the accompanying statements of financial position of Shreveport Green (a nonprofit organization) as of December 31, 2009 and 2008, and the related statements of activities, cash flows, and functional expenses for the years then ended. These financial statements are the responsibility of the management of Shreveport Green. 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 *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 Shreveport Green as of December 31, 2009 and 2008, 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 June 29, 2010, on our consideration of Shreveport Green's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the 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.

Heard, McElroy + Vestal, LLP

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SHREVEPORT GREEN
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2009 AND 2008

<u>ASSETS</u>	<u>2009</u>	<u>2008</u>
<u>Current assets:</u>		
Cash and cash equivalents-Note 9	231,148	250,329
Grants receivable	62,544	75,391
Contributions receivable	-	1,100
Prepaid insurance	<u>9,716</u>	<u>8,519</u>
Total current assets	303,408	335,339
<u>Fixed assets:</u>		
Building	202,506	202,506
Office furniture, equipment and vehicles	159,476	159,476
Equipment-Neighborhood Program	10,418	10,418
<u>Less-accumulated depreciation</u>	<u>(216,896)</u>	<u>(199,332)</u>
Book value of fixed assets	<u>155,504</u>	<u>173,068</u>
Total assets	<u>458,912</u>	<u>508,407</u>
 <u>LIABILITIES AND NET ASSETS</u>		
<u>Current liabilities:</u>		
Accounts payable and accrued expenses	-	24,932
Deferred revenue	<u>4,000</u>	<u>-</u>
Total current liabilities	4,000	24,932
<u>Net assets-unrestricted</u>	<u>454,912</u>	<u>483,475</u>
Total liabilities and net assets	<u>458,912</u>	<u>508,407</u>

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

SHREVEPORT GREEN

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
<u>Changes in Unrestricted Net Assets:</u>		
<u>Public support and other revenue:</u>		
<u>Public support:</u>		
City of Shreveport-Note 3	25,000	201,814
Contract for Services-Note 4	41,000	260,682
Grants-Neighborhood Program-Notes 3 and 5	-	19,285
Grants-Louisiana Serve Commission-Note 5	270,982	183,982
Other public support	148,872	73,712
Memberships and contributions	59,700	48,075
Tree Legacy program	1,730	4,530
In-kind donations-Note 5	54,735	162,054
Other community support-Note 6	<u>3,600</u>	<u>3,600</u>
Total public support	605,619	957,734
<u>Other revenue:</u>		
Interest income	770	3,035
Miscellaneous income	<u>16,866</u>	<u>17,786</u>
Total other revenue	<u>17,636</u>	<u>20,821</u>
Total public support and other revenue	623,255	978,555
<u>Expenses:</u>		
Management and general	226,631	172,984
Program services	<u>425,187</u>	<u>756,729</u>
Total expenses	<u>651,818</u>	<u>929,713</u>
<u>Change in net assets</u>	(28,563)	48,842
<u>Net assets-beginning</u>	<u>483,475</u>	<u>434,633</u>
<u>Net assets-ending</u>	<u>454,912</u>	<u>483,475</u>

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

SHREVEPORT GREEN
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
<u>Cash flows from operating activities:</u>		
Change in net assets	(28,563)	48,842
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	17,564	19,786
Noncash contributions	(54,735)	(162,054)
Noncash expenses	54,735	158,654
<i>(Increase) decrease in:</i>		
Grants receivable	12,847	17,106
Contributions receivable	1,100	30,592
Prepaid insurance	(1,197)	(4,792)
<i>Increase (decrease) in:</i>		
Deferred revenue	4,000	-
Accounts payable	(24,932)	(19,780)
Net cash provided (used) by operating activities	<u>(19,181)</u>	<u>88,354</u>
<u>Cash flows from financing activities:</u>		
Payments on bank loan	<u>-</u>	<u>(14,799)</u>
Net cash (used) by financing activities	<u>-</u>	<u>(14,799)</u>
<u>Net increase (decrease) in cash and cash equivalents</u>	(19,181)	73,555
<u>Cash and cash equivalents at beginning of year</u>	<u>250,329</u>	<u>176,774</u>
<u>Cash and cash equivalents at end of year</u>	<u>231,148</u>	<u>250,329</u>
<u>Interest paid</u>	<u>72</u>	<u>450</u>

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

SHREVEPORT GREEN

STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

	2009				Total Expenses
	Management and General Services	Program Services		Other Specific Programs- Note 7	
	<u> </u>	<u>ShrevCorps Program</u>	<u>Neighborhood Program</u>		
Accounting and legal	23,401	160	-	-	23,561
Automobile	-	1,876	-	-	1,876
Awards	-	-	-	-	-
Awards luncheon	2,602	-	-	-	2,602
Building and equipment	2,271	-	-	-	2,271
CARE	-	2,140	-	-	2,140
City clean-up	-	-	-	80	80
Clean business program	-	-	-	-	-
Contract labor	-	5,660	-	-	5,660
Depreciation	17,564	-	-	-	17,564
Dues and subscriptions	838	-	-	-	838
Education-schools	93	-	-	-	93
Employee benefits-Note 8	1,173	1,900	-	-	3,073
Entertainment and meetings	434	-	-	-	434
Fundraising	873	-	-	-	873
Grants-specific programs	-	47,778	-	23,695	71,473
Insurance	13,430	24,504	-	-	37,934
Interest	72	-	-	-	72
Miscellaneous	10,350	12,342	-	-	22,692
Neighborhood improvement	-	54,194	-	-	54,194
Office expense	3,152	-	-	-	3,152
Postage	981	-	-	-	981
Printing	1,574	-	-	-	1,574
Professional training	1,036	568	-	-	1,604
Public relations	2,575	-	-	-	2,575
Recycling	3,455	5,526	-	-	8,981
Rent	-	-	-	-	-
Repairs/maintenance/security	1,372	-	-	-	1,372
Salaries	118,210	213,391	-	-	331,601
Supplies	-	1,082	-	-	1,082
Support costs	-	4,750	-	-	4,750
Taxes	9,110	16,932	-	-	26,042
Telephone	4,084	975	-	-	5,059
Travel	-	2,547	2,670	-	5,217
Trees	-	-	-	2,417	2,417
Utilities	7,981	-	-	-	7,981
Total expenses	<u>226,631</u>	<u>396,325</u>	<u>2,670</u>	<u>26,192</u>	<u>651,818</u>

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

Management and General Services	2008 Program Services			Total Expenses
	ShrevCorps Program	Neighborhood Program	Other Specific Programs- Note 7	
7,193	1,000	-	1,800	9,993
-	3,767	-	-	3,767
-	-	-	15	15
3,405	-	-	-	3,405
9,563	-	-	-	9,563
-	2,719	-	-	2,719
-	-	-	2,901	2,901
-	-	-	674	674
-	-	-	-	-
19,786	-	-	-	19,786
-	-	-	1,658	1,658
-	-	-	412	412
2,346	3,531	-	537	6,414
-	-	-	400	400
1,413	-	-	-	1,413
-	13,636	15,400	11,563	40,599
14,601	20,926	397	215	36,139
450	-	-	-	450
10,100	8,893	15	3,234	22,242
-	76,344	20	-	76,364
-	-	-	5,792	5,792
-	-	-	3,650	3,650
-	-	-	1,868	1,868
-	609	65	6,374	7,048
2,533	-	-	-	2,533
3,200	185,018	-	381	188,599
-	8,278	-	-	8,278
1,574	-	-	-	1,574
80,974	272,643	39,664	21,899	415,180
870	1,276	15	-	2,161
-	2,815	-	-	2,815
6,266	21,538	3,034	1,675	32,513
3,823	987	-	168	4,978
-	3,793	711	3,210	7,714
-	-	-	1,209	1,209
<u>4,887</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,887</u>
<u>172,984</u>	<u>627,773</u>	<u>59,321</u>	<u>69,635</u>	<u>929,713</u>

SHREVEPORT GREEN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2009 AND 2008

1. Nature of Business

Shreveport Green is a nonprofit organization whose purpose is the promotion of the public interest in the improvement of the environment of the City of Shreveport, through the promotion of recycling, coordination of litter control programs and the promotion of beautification through landscaping.

2. Summary of Significant Accounting Policies

(a) *Income taxes*

As a nonprofit organization, Shreveport Green is exempt from income taxation under Section 501(c)(3) of the Internal Revenue Code, but must file an annual return with the Internal Revenue Service that contains information on its financial operations. Therefore, no provision for income taxes has been made in the financial statements. Shreveport Green is required to review various tax positions it has taken with respect to its exempt status and determine whether in fact it continues to qualify as a tax exempt entity. It must also consider whether it has nexus in jurisdictions in which it had income and whether a tax return is required in those jurisdictions. In addition, as a tax exempt entity, Shreveport Green must assess whether it has any tax positions associated with unrelated business income subject to income tax. Shreveport Green does not expect any of these tax positions to change significantly over the next twelve months. Any penalties related to late filing or other requirements would be recognized as penalties expense in the accounting records.

Shreveport Green is required to file U.S. federal Form 990 for informational purposes. Its federal income tax returns for the tax years 2006 and beyond remain subject to examination by the Internal Revenue Service.

(b) *Depreciation*

Fixed assets are stated at cost, less accumulated depreciation. Depreciation is calculated on the straight-line basis over the estimated useful lives of the assets.

(c) *Use of 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. Accordingly, actual results could differ from those estimates.

(d) *Donated materials*

Donated materials are recorded in the financial statements at their estimated fair values at the date of receipt. A number of volunteers have donated their time to assist in the operations and improvements of the organization. No amounts have been reflected in the financial statements for those services.

2. Summary of Significant Accounting Policies (Continued)

(e) *Financial statement presentation*

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the organization and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations. Contributions whose restrictions are met in the same period as received are recorded as unrestricted.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the organization and/or the passage of time.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by Shreveport Green. Generally, the donors of these assets permit the organization to use all or part of the income earned on related investments for general or specific purposes.

As of December 31, 2009 and 2008, there were no temporarily or permanently restricted net assets.

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

(f) *Cash and cash equivalents*

For purposes of the statement of cash flows, Shreveport Green considers all highly liquid investments purchased with original maturities of three months or less to be cash and cash equivalents.

(g) *Promises to give*

Contributions are recognized when the donor makes a promise to give to the organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

(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.

3. Cooperative Endeavor Agreement

Shreveport Green received \$25,000 and \$221,099 in 2009 and 2008, respectively, from the City of Shreveport for the purpose of improving the appearance of the City through education and programs to facilitate clean-up, beautification and recycling efforts.

4. **Contracts for Services**

Shreveport Green received \$25,000 and \$27,375 in 2009 and 2008, respectively, from the Caddo Parish Commission to perform community related projects to benefit the parish of Caddo. The City of Shreveport paid \$0 and \$25,000 in 2009 and 2008, respectively, for clean-up and maintenance of certain highway intersections. During 2008, the City of Shreveport also paid \$197,907 to Shreveport Green for the assembly and distribution of over 65,000 rollout carts for the cities curbside recycling program. Shreveport Green also received an additional \$16,000 and \$10,000 in 2009 and 2008, respectively, for waste collection services.

5. **Grants Received**

Shreveport Green received \$270,982 and \$183,982 in 2009 and 2008, respectively, from the Louisiana Serve Commission for the continuation of a youth and conservation corps program called ShrevCorps. Shreveport Green received in-kind contributions of \$54,735 and \$162,054 in 2009 and 2008, respectively.

6. **Other Community Support**

Shreveport Green received contributions from the general public through community wide clean-up, recycling and beautification efforts in 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Telephone book recycling	<u>3,600</u>	<u>3,600</u>

7. **Other Specific Programs**

Shreveport Green conducted specific city beautification, litter control and tree planting projects during the years ended December 31, 2009 and 2008. Expenses for these programs are as follows:

	<u>2009</u>	<u>2008</u>
Anti-litter materials and supplies	10,090	12,267
Arbor Day	-	1,566
Community garden	-	1,733
Green Christmas	-	1,940
Greenhouse	-	5,919
Growing Up Green Camp	-	6,345
Household Hazardous Waste School Lab	-	3,708
Kellyville Ranch Project	2,646	-
Mayor's MLK Blast	-	1,543
Neighborhood improvement	3,170	-
Plantings/trees	4,630	2,443
Plant sale	-	1,379
Ramp Up Louisiana	-	2,933
Trees for Life Program	4,701	-
Volunteer appreciation and recruitment	-	3,133
Other	<u>955</u>	<u>24,726</u>
	<u>26,192</u>	<u>69,635</u>

8. **Employees' Retirement Plan**

Shreveport Green established a simple IRA plan as of March 2000 for its employees. An employee is eligible to participate after one year of employment, earns a minimum salary of \$5,000 and is at least 21 years old. Participation is voluntary and the employee may contribute up to \$10,000 per year. Shreveport Green matches the employee's contribution up to 3% of his or her annual compensation or

8. **Employees' Retirement Plan** (Continued)

\$6,000, whichever is less. During 2009, Shreveport Green elected to suspend these contributions. The contribution charged to expense for the years ended December 31, 2009 and 2008 was \$3,073 and \$6,414, respectively.

9. **Concentration of Risk**

Shreveport Green may have demand deposits in the bank in excess of federally insured limits. The possibility of loss exists if a bank holding excess deposits were to fail. Shreveport Green periodically evaluates the financial stability of its depository institutions.

10. **Bank Note Payable**

At December 31, 2002, Shreveport Green had a bank note payable totaling \$103,300 secured by a mortgage on the office building. The note was payable on demand, or if no demand was made then monthly payments were due of \$1,506 through May 25, 2016. The interest rate varied 2.24 percentage points over the United States Dollar Swap Rate with a rate of 7.76% as of December 31, 2002.

Effective April 2, 2003, the note was refinanced at the Wall Street Journal Prime Rate (7.25% at December 31, 2007). The new note was also payable on demand and monthly payments were due of \$1,200 plus interest. The note was paid in full during October 2008.

11. **Subsequent Events**

Subsequent events and transactions were evaluated through June 29, 2010. No reportable items were noted.

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June 29, 2010

The Board of Directors
Shreveport Green
Shreveport, Louisiana

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

We have audited the financial statements of Shreveport Green as of and for the year ended December 31, 2009, and have issued our report thereon dated June 29, 2010. 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 Shreveport Green'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 Organization'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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

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 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. We consider deficiency 2009-01 in the accompanying schedule to be a material weakness.

A significant deficiency is a deficiency or combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies 2009-01 through 2009-02 in the accompanying schedule to be significant deficiencies.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Shreveport Green'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*.

This report is intended solely for the information and use of the Board of Directors and Management of Shreveport Green and is not intended to be and should not be used by anyone other than these specified parties.

Heard McElroy + Vestal, LLP

SHREVEPORT GREEN

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED DECEMBER 31, 2009

I. Summary of Audit Results

1. The auditor's report expresses an unqualified opinion on the financial statements of Shreveport Green.
2. Two significant deficiencies, one of which is a material weakness, are reported.
3. No instances of noncompliance were disclosed during the audit.
4. Shreveport Green is not subject to a Federal Single audit for 2009.

II. Findings – Financial Statement Audit

2009-01 Material Weakness

Condition: As is common in small operations, management has chosen to engage the auditor to propose certain year-end adjusting journal entries and to prepare the Organization's annual financial statements. Consistent with this decision, internal controls over the preparation of year-end adjusting entries and annual financial statements, complete with notes, in accordance with generally accepted accounting principles have not been established, nor has management demonstrated an ability to perform these functions in house.

Criteria: Pursuant to the requirements of Statement on Auditing Standards No. 115, "Communicating Internal Control Related Matters Identified in an Audit," this condition represents a control deficiency that is also considered to be a material weakness in internal controls.

Effect: The Organization does not have the resources (i.e. internal controls and expertise) to prepare the annual financial statements, complete with notes and free of material misstatement, in accordance with generally acceptable accounting principles. The auditor prepared the annual financial statements.

Recommendation: Whether or not it would be cost effective to cure a control deficiency is not a factor in applying SAS 115's reporting requirements. Because prudent management requires that the potential benefit from an internal control must exceed its cost, it may not be practical to correct all deficiencies an auditor reports under SAS 115. In this case, we do not believe that curing the material weakness described would be cost effective or practical and accordingly, do not believe any corrective action is necessary.

Management Response: As noted above, no recommendation is made and no corrective action is necessary.

2009-02 Significant Deficiency

Condition: The client could not locate selected invoices and check copies to substantiate grant expenditures. The total amount of expenditures was approximately \$17,000.

Criteria: Invoices and check copies should be maintained and organized for ease of reference and substantiation of grant expenditures.

Effect: Additional client and auditor time was necessary to attempt location of the documentation.

Recommendation: We recommend that all grant and other expenditures be maintained in an organized filing system that can be easily and quickly accessed.

Management Response: We think that the above mentioned documents were in the vehicle of the accounting director at the time of her death and were not recoverable. We agree with the recommendation and will perform this function in an effective manner in the future.

SHREVEPORT GREEN
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2009

I. Summary of Audit Results

1. The auditor's report expresses an unqualified opinion on the financial statements of Shreveport Green.
2. Two significant deficiencies, one of which is a material weakness, are reported.
3. Two instances of noncompliance were disclosed during the audit.
4. Shreveport Green is not subject to a Federal Single audit for 2008.

II. Findings – Financial Statement Audit

2008-01 Material Weakness

As is common in small operations, management has chosen to engage the auditor to propose certain year-end adjusting journal entries and to prepare the Organization's annual financial statements. Consistent with this decision, internal controls over the preparation of year-end adjusting entries and annual financial statements, complete with notes, in accordance with generally accepted accounting principles have not been established, nor has management demonstrated an ability to perform these functions in house. This condition is repeated as 2009-01

2008-02 Significant Deficiency

There was a lack of reconciliation of certain grant revenues and expenses on a timely basis during the fiscal year. This created a delay in proper reporting to the granting authority and improper recording of the amounts in the financial statements. This condition is not repeated in 2009.

2008-03 Noncompliance

The engagement was not completed and transmitted to the Louisiana Legislative Auditor's office by June 30, 2009. This condition is not repeated in 2009.

2008-04 Noncompliance

The client did not file proper reports with or return unused funds to the granting authority by the applicable deadline. The significant deficiency explained at 2008-02 caused these delays. This condition is not repeated in 2009.