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CALCASIEU ASSOCIATION FOR SOCIAL ENRICHMENT, INC.

**FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT**

June 30, 1998

Under provisions of state law, this report is a public document. A copy of this report has been furnished to the auditor, to reviewed, verify and advise 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.

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Release Date: _____

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DAVID H. J. MORRIS
CERTIFIED ACCOUNTANT
Professional Corporation
Lake Charles, Louisiana 70601
—
CPA 0123456

INDEPENDENT AUDITORS' REPORT

P.O. BOX 8070
NEW ORLEANS, LOUISIANA 70114

Board of Directors
Catalepis Association for Social
Enrichment, Inc.

We have audited the accompanying statement of financial position of the Catalepis Association for Social Enrichment, Inc. (a non-profit organization) as of June 30, 1998, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. These 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 Catalepis Association for Social Enrichment, Inc. as of June 30, 1998, and the changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 7, 1998, on our consideration of Catalepis Association for Social Enrichment, Inc.'s internal control structure and on its compliance with laws and regulations.

Lake Charles, LA
October 7, 1998

David H. Morris

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROLS OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT ACCOUNTING STANDARDS**

To the Board of Directors of The
Calculus Association for Social
Enrichment, Inc.

We have audited the financial statements of the Calculus Association for Social Enrichment, Inc. (a non-profit organization) as of and for the year ended June 30, 1998, and have issued our report thereon dated October 7, 1998. We conducted our audit in accordance with generally accepted auditing standards 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 Calculus Association for Social Enrichment, Inc.'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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered The Calculus Association for Social Enrichment, Inc.'s internal control over financial reporting in order 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. Our 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting, which we have reported to management of The Calculus Association for Social Enrichment, Inc. in a separate letter dated October 7, 1998.

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.

Luke Charles, Esquire
October 7, 1998

Diana J. Mani

CALCASELLI ASSOCIATION FOR SOCIAL ENRICHMENT, INC.
STATEMENT OF FINANCIAL POSITION
June 30, 1999

ASSETS

Current Assets:

Cash and cash equivalents	\$	7,945	
Prepaid insurance		<u>850</u>	
Total Current Assets			8,795

Fixed Assets:

Leasehold improvements	\$	7,415	
Furniture and equipment		84,139	
Vehicle		<u>13,780</u>	
		115,334	
Less: accumulated depreciation		<u>80,184</u>	35,150

Utility deposits

100

TOTAL ASSETS

\$ 43,375

LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts payable	\$	2,801	
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Net Assets:

Unrestricted net assets:			
Operations	5,844		
Fixed assets	<u>35,130</u>		
Total unrestricted net assets/total net assets			<u>40,974</u>

TOTAL LIABILITIES AND NET ASSETS

\$ 43,375

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

GALGASEU ASSOCIATION FOR SOCIAL ENRICHMENT, INC.
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 1998

	<u>Unrestricted</u>		
	<u>Operations</u>	<u>Fixed Assets</u>	<u>Total</u>
SUPPORT AND REVENUE:			
(Support)			
Grants and contracts	\$ 147,808	\$ 3,895	\$ 150,603
Use of contributed facilities	33,600	0	33,600
Other contributions	0	900	900
Total support	<u>181,208</u>	<u>3,895</u>	<u>185,103</u>
Revenue:			
Interest income	700	0	700
TOTAL SUPPORT AND REVENUE	<u>181,908</u>	<u>3,895</u>	<u>185,803</u>
EXPENSES:			
Program services:			
Upward Bound Tutorial Program	129,518	10,328	139,846
Supporting services:			
General and administrative	54,200	5,114	59,314
Total expenses	<u>183,718</u>	<u>15,442</u>	<u>199,160</u>
Change in net assets	-1,812	-7,346	-9,058
Net assets, beginning of year	7,455	42,375	49,830
NET ASSETS, END OF YEAR	<u>\$ 5,643</u>	<u>\$ 35,029</u>	<u>\$ 40,674</u>

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

CALCARE® ASSOCIATION FOR SOCIAL ENRICHMENT, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 1994

	Program Services— Upward Bound Tutorial Program	General and Admin.	Total Expenses
Salaries	\$ 74,920	\$ 29,708	\$ 104,628
Payroll taxes	7,288	3,068	10,356
Workers' comp. insurance	1,368	1,088	2,456
Total salaries and related expenses	83,576	33,864	117,440
Rent	24,880	6,720	31,600
Program materials	3,296	0	3,296
Telephone	0	2,487	2,487
Utilities	0	2,283	2,283
Office and postage	143	580	723
Building maintenance and supplies	533	133	666
Security	0	848	848
Insurance	0	3,029	3,029
Miscellaneous expenses	0	87	87
Auditing fees	0	3,593	3,593
Resource consultant	525	0	525
Student activities	1,201	0	1,201
Parent/other activities	2,173	0	2,173
Subgrant - Church tutorial	9,088	0	9,088
Equipment repairs	0	1,288	1,288
Local transportation	144	0	144
Auto expense	1,527	0	1,527
Conferences/meetings	276	278	554
Interest	0	181	181
Penalties	0	49	49
Total expenses before depreciation	129,218	84,280	213,498
Depreciation of equipment, furniture and fixtures	10,028	1,114	11,142
Total expenses	\$ 139,246	\$ 85,394	\$ 224,640

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

CALCASEU ASSOCIATION FOR SOCIAL ENRICHMENT, INC.
 STATEMENT OF CASH FLOWS
 For the Year Ended June 30, 1998

CASH FLOWS USED FOR OPERATING ACTIVITIES:

Change in net assets	\$ 4,088
Adjustments to reconcile change in net assets to net cash used for operating activities:	
Depreciation	11,142
Decrease in accounts receivable	568
Increase in prepaid insurance	-88
Increase in accrued liabilities	<u>1,732</u>
Net cash provided by operating activities	3,624

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of equipment	<u>-3,895</u>
Net decrease in cash and cash equivalents	-271

CASH AND CASH EQUIVALENTS - JUNE 30, 1997 7,417

CASH AND CASH EQUIVALENTS - JUNE 30, 1998 \$ 7,146

SUPPLEMENTARY DATA:

Interest paid	<u>\$ 151</u>
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The accompanying notes are an integral part of these financial statements.

CALCASEIU ASSOCIATION FOR SOCIAL ENRICHMENT, INC.
NOTES TO FINANCIAL STATEMENT
June 30, 1998

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of activities

Calcaseiu Association for Social Enrichment, Inc. is a non-for-profit community outreach program, providing services to primarily under-privileged children and youth. They offer assistance in training for disenfranchised youth, and supplementary and tutorial services for students who have not succeeded in the traditional classroom, and others who need assistance.

Basis of accounting

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

Fixed Assets

All expenditures for fixed assets are capitalized. Depreciation is computed by the straight-line method beginning in the year of acquisition, at rates based on the following estimated useful lives:

	<u>Years</u>
Leasehold improvements	10
Furniture and fixtures	10
Equipment	4-10

Depreciation expense for the year ended June 30, 1998, was \$13,342 and is reported as program and supporting services in the statement of activities.

Fixed assets acquired by Calcaseiu Association for Social Enrichment, Inc. are considered to be owned by Calcaseiu Association for Social Enrichment, Inc. However, State funding sources may maintain equitable interest in the property purchased with grant monies as well as the right to determine the use of any proceeds from the sale of these assets. The State has a reversionary interest in those assets purchased with its funds.

CALCASIEU ASSOCIATION FOR SOCIAL ENRICHMENT, INC.
NOTES TO FINANCIAL STATEMENT
June 30, 1998

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributed Facilities

Contributed facilities represents the estimated fair rental value of office and classroom space provided. Contributed facilities are provided under a lease contract with the Calcasieu Parish School Board whereby they are allowed free use of the facilities for the lease contract period from July 1, 1993, through June 30, 1998. The fair rental value of the contributed lease was \$33,600 for the year ended June 30, 1998. The lease was renewed effective July 1, 1998.

Income Taxes

The organization is exempt from Federal income taxes under Internal Revenue Code Section 501(c)(3) and therefore has made no provision for Federal income taxes. They are considered to be a nonprivate foundation under the provisions IRC 170(b)(1)(A)(vi).

Functional Allocation of Expenses

The costs of providing the Organization's program and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited.

Cash Equivalents

For purposes of the statement of cash flows, the organization considers all restricted cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

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.

CALCASIEU ASSOCIATION FOR SOCIAL ENRICHMENT, INC.
NOTES TO FINANCIAL STATEMENT
June 30, 1998

NOTE B - GRANTS AND CONTRACTS

Grant income represents the principle source of revenue for the Organization. Included in grant income is \$148,802 of funds contracted from the Louisiana Department of Education, and \$1,889 from the Louisiana Decentralized Arts Funding Program for the Upward Bound Tutorial Program. Management is not aware of any significant changes in funding levels in the future, but continuation of the grants is subject to availability of funds and legislative and other approvals.

DANIEL J. MORRIS
CERTIFIED PUBLIC ACCOUNTANT
LA Professional Corporation
LAW OFFICES OF DANIEL MORRIS

CHICAGO, ILL.

P.O. BOX 1075
CHICAGO, ILL. 60601-1075

To the Executive Director
The Board of Directors of the
Calcasieu Association for
Social Enrichment, Inc.

In planning and performing our audit of the financial statements of the Calcasieu Association for Social Enrichment, Inc. for the year ended June 30, 1998, we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control. However, we noted certain matters involving internal control and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of internal control that, in our judgment, could adversely affect the Calcasieu Association for Social Enrichment, Inc.'s ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

The size of the Organization's accounting and administrative staff precludes certain internal controls that would be preferred if the office staff were large enough to provide optimum segregation of duties. This situation dictates that the Board of Directors remain involved in the financial affairs of the Organization to provide oversight and independent review functions.

This report is intended solely for the information and use of the Calcasieu Association for Social Enrichment, Inc.'s Board of Directors, management, and others within the organization.

October 7, 1998

Daniel J. Morris

DANIEL J. MORRIS
CERTIFIED PUBLIC ACCOUNTANT
In Professional Corporation
LAW OFFICES, SUITE 1000
—
1000 N. W. 10th St.

FILE NO. 1000
1000 N. W. 10th St.

October 7, 1998

To the Executive Director
The Board of Directors of the
Caldwell Association for
Social Enrichment, Inc.

In planning and performing our audit of the financial statements of the Caldwell Association for Social Enrichment, Inc. for the year ended June 30, 1998, we considered the Organization's internal control structure to plan our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit, we noted certain matters involving the internal control structure and other operational matters that are presented for your consideration. This letter does not affect our report dated October 7, 1998, on the financial statements of the Caldwell Association for Social Enrichment, Inc. We will review the status of these comments during our next audit engagement. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal control structure or result in other operating efficiencies. 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:

Organizational Structure

The size of the Organization's accounting and administrative staff precludes certain internal controls that would be preferred if the office staff were large enough to provide optimum segregation of duties. This situation dictates that the Board of Directors remain involved in the financial affairs of the Organization to provide oversight and independent review functions.

Executive Director

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October 7, 1998

We wish to thank the Executive Director and his office staff for their support and assistance during our audit.

This report is intended solely for the information and use of the Board of Directors, management, and others within the Organization.

Lake Charles, Louisiana

Daniel J. Moxley