

CALCASIEU ASSOCIATION FOR SOCIAL ENRICHMENT, INC.

**FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT**

JUNE 30, 2004

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 11-17-04

CONTENTS

	Page
Independent Auditors' Report	3
Financial Statements:	
Statement Of Financial Position	4
Statement Of Activities	5
Statement Of Functional Expenses	6
Statement Of Cash Flows	7
Notes To The Financial Statements	8-10
Independent Auditors' Report On Compliance And On Internal Control Over Financial Reporting Based On An Audit Of Financial Statements Performed In Accordance With <u>Governmental Auditing Standards</u>	11-12
Schedule of Findings and Questioned Cost	13
Schedule of Prior Year Findings	14
Management's Corrective Action Plan	15

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Calcasieu Association For Social
Enrichment, Inc.

We have audited the accompanying statement of financial position of Calcasieu Association for Social Enrichment, Inc. (a non-profit organization) as of June 30, 2004 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 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 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 Calcasieu Association for Social Enrichment, Inc. as of June 30, 2004, 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 September 1, 2004, on our consideration of Calcasieu Association for Social Enrichment, Inc.'s internal control over financial reporting and on 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.

McMullen and Mancuso, CPAs

McMullen and Mancuso CPAs
September 1, 2004

Members
American Institute of Certified Public Accountants
Louisiana Society of Certified Public Accountants

CALCASIEU ASSOCIATION FOR SOCIAL ENRICHMENT, INC.
STATEMENT OF FINANCIAL POSITION
June 30, 2004

ASSETS

Current Assets:	
Cash and Cash Equivalents	\$ 11,005
Prepaid Insurance	931
Total Current Assets	11,936
Fixed Assets:	
Leasehold Improvements	\$ 7,155
Furniture and Equipment	99,181
Vehicle	13,760
	120,096
Less: Accumulated Depreciation	97,412
	22,684
Other Assets:	
Utility Deposit	150
TOTAL ASSETS	\$ 34,770

LIABILITIES AND NET ASSETS

Current Liabilities:	
Accounts Payable	\$ 1,284
State Withholding Tax Payable	213
Total Current Liabilities	1,497
Net Assets:	
Unrestricted:	
Operations	10,589
Fixed Assets	22,684
Total Net Assets	33,273
TOTAL LIABILITIES AND NET ASSETS	\$ 34,770

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

CALCASIEU ASSOCIATION FOR SOCIAL ENRICHMENT, INC.
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2004

	Unrestricted		
		Fixed	
	Operations	Assets	Total
SUPPORT:			
Grants and Contracts	\$ 123,168	\$ 2,064	\$ 125,232
Use of Contributed Facilities	<u>11,200</u>	<u>-</u>	<u>11,200</u>
TOTAL SUPPORT	134,368	2,064	136,432
EXPENSES:			
Program services:			
Upward Bound Tutorial Program	61,414	4,532	65,946
Temporary Assistance for Needy Families	22,507	3,034	25,541
Supporting Services:			
General and Administrative	37,642	841	38,483
Loss on Disposal of Assets	<u>-</u>	<u>29</u>	<u>29</u>
Total Expenses	<u>121,563</u>	<u>8,436</u>	<u>129,999</u>
Change in Net Assets	12,805	(6,372)	6,433
Net Assets, Beginning of Year	<u>(2,216)</u>	<u>29,056</u>	<u>26,840</u>
NET ASSETS, END OF YEAR	<u>\$ 10,589</u>	<u>\$ 22,684</u>	<u>\$ 33,273</u>

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

CALCASIEU ASSOCIATION FOR SOCIAL ENRICHMENT, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2004

	<u>Program Services</u>			<u>General and Administrative</u>	<u>Total Expenses</u>
	<u>Upward Bound Tutorial Program</u>	<u>Temporary Assistance For Needy Families</u>	<u>Total</u>		
Salaries	\$ 35,372	\$ 14,298	\$ 49,670	\$ 23,596	\$ 73,266
Payroll Taxes	3,494	1,413	4,907	2,309	7,216
Worker's Compensation Insurance	<u>372</u>	<u>150</u>	<u>522</u>	<u>246</u>	<u>767</u>
Total Salaries and Related Expenses	39,238	15,861	55,099	26,151	81,250
Rent	8,960	-	8,960	2,240	11,200
Program Materials	1,161	1,801	2,962	-	2,962
Telephone	1,674	1,577	3,251	362	3,613
Utilities	1,965	600	2,565	641	3,206
Office and Postage	67	240	307	2,253	2,560
Building Maintenance Supplies	1,048	329	1,377	344	1,721
Security	623	112	735	183	918
Insurance	1,274	437	1,711	428	2,139
Miscellaneous Expenses	-	-	-	259	259
Auditing Fees	-	-	-	3,500	3,500
Student Activities	2,352	540	2,893	-	2,893
Resource Person	400	-	400	-	400
Accounting Services	-	-	-	228	228
Equipment Repairs	1,052	216	1,268	317	1,585
Conferences/Meetings	165	427	592	616	1,208
Interest Expense	-	-	-	120	120
Auto Expense	<u>1,435</u>	<u>367</u>	<u>1,802</u>	<u>-</u>	<u>1,802</u>
Total Expenses Before Depreciation	61,414	22,507	83,921	37,642	121,563
Depreciation of Fixed Assets	<u>4,532</u>	<u>3,034</u>	<u>7,566</u>	<u>841</u>	<u>8,407</u>
Total Expenses	<u>\$ 65,946</u>	<u>\$ 25,541</u>	<u>\$ 91,487</u>	<u>\$ 38,483</u>	<u>\$ 129,970</u>

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

CALCASIEU ASSOCIATION FOR SOCIAL ENRICHMENT, INC.
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2004

CASH FLOWS PROVIDED BY OPERATING ACTIVITIES:

Increase in Net Assets	\$	6,433
Adjustments to Reconcile Change in Net Assets to Net Cash Used for Operating Activities:		
Depreciation		8,407
Loss on Disposal of Assets		29
(Increase) Decrease in Prepaid Insurance		448
Increase (Decrease) in Accounts Payable		115
Increase (Decrease) in State Withholding Payable		<u>(490)</u>
Net Cash Provided by Operating Activities		14,942

CASH FLOWS USED FOR INVESTING ACTIVITIES:

<i>Purchase of Equipment</i>		<u>(2,064)</u>
Net Cash Used by Investing Activities		(2,064)

CASH FLOWS PROVIDED BY FINANCING ACTIVITIES

Principal Reductions on Line of Credit		<u>(12,563)</u>
Net Cash Used by Financing Activities		<u>(12,563)</u>

Net Increase in Cash and Cash Equivalents 315

CASH AND CASH EQUIVALENTS - JUNE 30, 2003 10,690

CASH AND CASH EQUIVALENTS - JUNE 30, 2004 \$ 11,005

Disclosures:

Interest paid for the year ended June 30, 2004 was \$120.

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

CALCASIEU ASSOCIATION FOR SOCIAL ENRICHMENT, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2004

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Nature of Activities

Calcasieu Association for Social Enrichment, Inc. is a not-for-profit community outreach program, providing services to primarily under-privileged children and youth. It offers assistance in training for disenfranchised youth, and supplementary and tutorial services for students who have trouble succeeding in the traditional classroom, and others who need assistance.

2. Basis of Accounting

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

3. Fixed Assets

All expenditures for fixed assets are capitalized. Fixed assets are valued at historical cost if purchased and at fair value if contributed. Depreciation is computed by the straight-line method beginning in the year of acquisition, at rates based on the following estimated useful lives:

	Years
Leasehold Improvements	10
Furniture and Fixtures	10
Equipment	4 to 10

Depreciation expense for the year ended June 30, 2004, was \$8,407 and is reported as program and supporting services in the statement of activities.

Fixed assets acquired by Calcasieu Association for Social Enrichment, Inc. are considered to be owned by Calcasieu 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 STATEMENTS

JUNE 30, 2004

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. 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, 1998 through June 30, 2004. The contract has been renewed for another three years. The fair rental value of the contributed lease was \$11,200 for the year ended June 30, 2004.

5. 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 provision IRC 170(b)(1)(A)(vi).

6. 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.

7. Cash Equivalents

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

8. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of management's 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. Accordingly, actual results could differ from those estimates.

CALCASIEU ASSOCIATION FOR SOCIAL ENRICHMENT, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2004

NOTE B – GRANTS AND CONTRACTS

Grants represent the principle source of support for the Organization. The Organization received a federal TANF (Temporary Assistance for Needy Families) grant, contracted from the Louisiana Department of Education for \$55,232 and an Upward Bound Tutorial Program grant spending contracted from the Governor's Office of Urban Affairs and Development for \$70,000.

NOTE C – LINE OF CREDIT

As of June 30, 2004, the Organization had a \$30,000, unsecured line of credit with a bank to be drawn down upon as needed, with interest at prime. As of June 30, 2004 no amount had been drawn down.

NOTE D – CONCENTRATION OF RISK

All of the contributions received in the year ended June 30, 2004 were from two grants. As of June 30, 2004, the Organization only had one grant with the Governor's Office of Urban Affairs and Development. If that grant were not renewed, the Organization's ability to continue to function could be severely impacted.

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**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
Calcasieu Association for Social
Enrichment, Inc.

We have audited the financial statements of Calcasieu Association for Social Enrichment, Inc. (a nonprofit corporation) as of and for the year ended June 30, 2004, and have issued our report thereon dated September 1, 2004. 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 Calcasieu 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 Calcasieu 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. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. 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 Calcasieu Association of Enrichment, Inc.'s ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings as item 2004-1.

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 the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable

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conditions to be material weaknesses. However, we consider the reportable condition described above to be a material weakness.

This report is intended solely for the information and use of the board of directors, management, and the Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties.

McMullen and Mancuso, CPAs

McMullen and Mancuso CPAs

September 1, 2004

Calcasieu Association For Social Enrichment, Inc.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2004

We have audited the financial statements of The Calcasieu Association for Social Enrichment, Inc. as of and for the year ended June 30, 2004, and have issued our report thereon dated September 1, 2004. 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. Our audit of the financial statements as of June 30, 2004 resulted in an unqualified opinion.

Section I Summary of Auditor's Reports

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses Yes No Other Conditions Yes No

Compliance

Compliance Material to Financial Statements Yes No

Section II Financial Statement Findings

2004-1 We consider the following matter to be a material weakness. The Association has only one employee who is responsible for all accounting and reporting functions. The size of the Association's accounting 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 Association to provide oversight and independent review functions.

Calcasieu Association For Social Enrichment, Inc.

SCHEDULE OF PRIOR YEAR FINDINGS

Year Ended June 30, 2004

SECTION I - INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS	
2003-1 The Association has only one employee who is responsible for all accounting and reporting functions. Therefore, it is not possible to have segregation of duties consistent with appropriate internal control objectives over all phases of accounting.	Unresolved. See current year finding 2004-1.

THIS SCHEDULE HAS BEEN PREPARED BY MANAGEMENT

Calcasieu Association For Social Enrichment, Inc.
MANAGEMENT'S CORRECTIVE ACTION PLAN
Year Ended June 30, 2004

SECTION I - INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS	
2004-1 The Association has only one employee who is responsible for all accounting and reporting functions. Therefore, it is not possible to have segregation of duties consistent with appropriate internal control objectives over all phases of accounting.	Management is aware of the internal control problem and the Board takes an active oversight of financial matters to mitigate the control weaknesses. However, due to the small size of the Association it is not possible to have appropriate segregation of duties.

THIS SCHEDULE HAS BEEN PREPARED BY MANAGEMENT