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LAKEVIEW AREA SENIOR ADULT MINISTRY, INC.

**FINANCIAL STATEMENTS AND
AUDITOR'S 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 12-8-04

LAKEVIEW AREA SENIOR ADULT MINISTRY, INC.

TABLE OF CONTENTS

	PAGE
Independent Auditor's 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 Financial Statements	8
Supplemental Information	
Statement of Activities by Program	13
Schedule of Actual Expenditures Compared to Budget State Senior Center Program	14
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	15
Schedule of Findings and Questioned Costs	17
Status of Prior Year Audit Findings	18
Corrective Action Plan	

Justin J. Scanlan, C.P.A.

CERTIFIED PUBLIC ACCOUNTANT
4769 ST. ROCH AVE. NEW ORLEANS, LOUISIANA 70122
TELEPHONE: (504) 288-0050

INDEPENDENT AUDITOR'S REPORT

Board of Directors, Inc.
Lakeview Area Senior Adult Ministry, Inc.

I have audited the accompanying statement of financial position of Lakeview Area Senior Adult Ministry, Inc. (a nonprofit corporation) 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 corporation's management. My responsibility is to express an opinion on these financial statements based on my audit. The prior year summarized comparative information has been derived from the Corporation's 2003 financial statements and, in my report dated September 15, 2003, I expressed an unqualified opinion on those financial statements.

I conducted my 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 I 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lakeview Area Senior Adult Ministry, 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, I have also issued my report dated September 27, 2004 on my consideration of Lakeview Area Senior Adult Ministry, Inc.'s internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants. This 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 my audit.

My audit was performed for the purpose of forming an opinion on the basic financial statements of Lakeview Area Senior Adult Ministry, Inc. taken as a whole. The accompanying supplemental information listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements of Lakeview Area Senior Adult Ministry, Inc. Such information has been subjected to the auditing procedures applied in the examination of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Justin J. Scanlan, CPA

New Orleans, Louisiana
September 27, 2004

LAKEVIEW AREA SENIOR ADULT MINISTRY, INC.

STATEMENT OF FINANCIAL POSITION

June 30, 2004

		TOTAL MEMORANDUM ONLY June 30, 2003
ASSETS		
Cash	\$ 33,487	<u>\$ 22,556</u>
Certificates of deposit	100,979	114,064
Investment securities (Notes A5 and B)	3,965	3,028
Receivables		
Grant (Notes A4 and C)	3,462	-
Other	4,136	2,218
Unconditional promise to give (Note D)	35,206	39,087
Property and equipment -- at cost (Notes A6 and E)	<u>4,729</u>	<u>8,456</u>
Total assets	<u>\$ 185,964</u>	<u>\$ 189,409</u>
LIABILITIES AND NET ASSETS		
Accounts payable and accrued liabilities	<u>\$ 10,426</u>	\$ 8,130
Total liabilities	10,426	<u>-</u>
Commitment (Note F)	-	8,130
Net assets		
Unrestricted	140,332	142,192
Temporarily restricted	<u>35,206</u>	<u>39,087</u>
Total net assets	<u>175,538</u>	<u>181,279</u>
Total liabilities and net assets	<u>\$ 185,964</u>	<u>\$ 189,409</u>

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

LAKEVIEW AREA SENIOR ADULT MINISTRY, INC.

STATEMENT OF ACTIVITIES

For the year ended June 30, 2004

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL MEMORANDUM ONLY FOR THE YEAR ENDED June 30</u>	
			<u>2004</u>	<u>2003</u>
REVENUE				
United Way allocation	\$ -	\$ 35,206	\$ 35,206	\$ 39,087
United Way designations	4,460	-	4,460	8,216
Contributions	69,656	1,050	70,706	61,345
Special events, net of direct costs of \$2,323	5,665	-	5,665	6,170
Program service fees	27,234	-	27,234	22,892
Government grants	-	48,470	48,470	43,871
Investment income (Note B)	2,046	-	2,046	470
Other revenue	547	-	547	576
Net assets released from restrictions	<u>88,607</u>	<u>< 88,607 ></u>	<u>-</u>	<u>-</u>
Total revenues	<u>198,215</u>	<u>< 3,881 ></u>	<u>194,334</u>	<u>182,627</u>
 EXPENSES				
Program services				
Home services	66,897	-	66,897	62,987
Social development	<u>114,408</u>	<u>-</u>	<u>114,408</u>	<u>127,976</u>
Total program services	<u>181,305</u>	<u>-</u>	<u>181,305</u>	<u>190,963</u>
Supporting Services				
Management and general	<u>18,770</u>	<u>-</u>	<u>18,770</u>	<u>20,529</u>
Total expenses	<u>200,075</u>	<u>-</u>	<u>200,075</u>	<u>211,492</u>
 Increase <decrease> in net assets	 < 1,860 >	 < 3,881 >	 < 5,741 >	 < 28,865 >
Net assets, beginning of year	<u>142,192</u>	<u>39,087</u>	<u>181,279</u>	<u>210,144</u>
Net assets, end of year	<u>\$ 140,332</u>	<u>\$ 35,206</u>	<u>\$ 175,538</u>	<u>\$ 181,279</u>

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

LAKEVIEW AREA SENIOR ADULT MINISTRY, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended June 30, 2004

	<u>HOME SERVICES</u>	<u>SOCIAL DEVELOPMENT</u>	<u>MANAGEMENT AND GENERAL</u>	<u>TOTAL MEMORANDUM ONLY</u> For the year ended June 30	
				<u>2004</u>	<u>2003</u>
Compensation expense	\$ 57,840	\$ 84,005	\$ 4,355	\$ 146,200	\$ 148,188
Occupancy	1,709	11,948	3,414	17,071	20,571
Travel	440	6,133	-	6,573	5,267
Other direct program expenses	<u>6,908</u>	<u>10,486</u>	<u>9,110</u>	<u>26,504</u>	<u>28,233</u>
Total expenses before depreciation	66,897	112,572	16,879	196,348	202,259
Depreciation	<u>-</u>	<u>1,836</u>	<u>1,891</u>	<u>3,727</u>	<u>9,233</u>
	<u>\$ 66,897</u>	<u>\$ 114,408</u>	<u>\$ 18,770</u>	<u>\$ 200,075</u>	<u>\$ 211,492</u>

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

LAKEVIEW AREA SENIOR ADULT MINISTRY, INC.

STATEMENT OF CASH FLOWS

For the year ended June 30, 2004

Increase <decrease> in cash and cash equivalents		
Cash flows from operating activities:		
Decrease in net assets		\$ < 5,741>
Adjustments to reconcile decrease in net assets to net cash used in operating activities:		
Depreciation	\$ 3,727	
Unrealized appreciation of investment securities	< 420>	
Donation – stock	< 517>	
Changes in assets and liabilities:		
Increase in grant receivable	< 3,462>	
Increase in other receivables	< 1,918>	
Decrease in unconditional promise to give	3,881	
Increase in accounts payable and accrued liabilities	<u>2,296</u>	<u>3,587</u>
Net cash used in operating activities		<u>< 2,154></u>
Cash flows from investing activities:		
Purchase of certificates of deposit		< 1,434>
Withdrawal of proceeds from certificate of deposit		<u>14,519</u>
Net cash provided by investing activities		<u>13,085</u>
Net increase in cash and cash equivalents		10,931
Cash and cash equivalents, beginning of year		<u>22,556</u>
Cash and cash equivalents, end of year		<u>\$ 33,487</u>

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

LAKEVIEW AREA SENIOR ADULT MINISTRY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2004

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the corporation's significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

1. Nature of Activities

Lakeview Area Senior Adult Ministry, Inc. is a non-profit corporation organized for the purpose of providing Social Development and Home Services to elderly residents of the Lakeview Community of Orleans Parish.

The corporation is supported primarily by the United Way for the Greater New Orleans Area and grants from the State of Louisiana. United Way of the Greater New Orleans Area funding represented approximately 26% and grants from the State of Louisiana represented approximately 24% of funding for the year ended June 30, 2004.

2. Presentation of Financial Statements

The corporation's financial statements are presented in accordance with requirements established by the Financial Accounting Standards Board (FASB) as set forth in the Statement of Financial Accounting Standards No. 117, "Financial Statements of Not-For-Profit Organizations". Accordingly, the net assets of the corporation are classified to present the following classes: (a) unrestricted net assets, (b) temporarily restricted net assets and (c) permanently restricted net assets. There were no permanently restricted net assets.

Net assets of the restricted class are created only by donor-imposed restrictions on their use. All other net assets, including board-designated or appropriated amounts, are legally unrestricted, and are reported as part of the unrestricted class.

3. Revenue Recognition

For financial reporting, the corporation recognizes all contributed support as income in the period received. Contributed support is reported as unrestricted or restricted depending on the existence of donor stipulations that limit the use of the support. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activity as "net assets released from restrictions".

Grant revenue is recognized as it is earned in accordance with approved contracts.

4. Receivables

The corporation considers accounts receivable to be fully collectible since the balance consists principally of payments due under government contracts. If amounts due become uncollectible, they will be charged to operations when that determination is made.

LAKEVIEW AREA SENIOR ADULT MINISTRY, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2004

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

5. Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses arise from changes in the fair value of the investments, and are included in Investment Income in the Statement of Activities.

6. Property and equipment

Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives, principally on the straight-line method. Depreciation expense for the year ended June 30, 2004 totaled \$3,727.

It is the policy of the corporation to capitalize all property, furniture, and equipment with an acquisition cost in excess of \$1,000.

7. Cash equivalents

For the purpose of the statement of cash flows, the corporation considers all investments with original maturities of three months or less to be cash equivalents.

8. Functional allocation of expenses

The expenses of providing the program and other activities have been summarized on a functional basis in the statement of functional expenses. Certain of those expenses have been allocated among the program and supporting services benefited based on estimates by management of the costs involved.

9. 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.

10. Fair Values of Financial Investments

Cash, cash equivalents, and temporary investments carrying amounts reported in the statement of financial position approximate fair values because of the short maturities of those investments. The fair values of marketable securities are based on quoted market prices for those of similar investments.

LAKEVIEW AREA SENIOR ADULT MINISTRY, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2004

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

11. Total Columns of Combined Statements – Overview

Total columns are captioned "Memorandum Only" to indicate that they are presented only to assist with financial analysis. Data in these columns do not present financial position, results of operations or changes in net assets in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

NOTE B - INVESTMENT SECURITIES

Investment securities at June 30, 2004 consist of the following:

	<u>Donated Value</u>	<u>Fair Market Value</u>
Equity Securities	<u>\$ 4,742</u>	<u>\$ 3,965</u>

The unrealized appreciation for the year ended June 30, 2004 totaled \$421. The cumulative unrealized depreciation as of June 30, 2004 totaled \$777.

The investment income for the year ended June 30, 2004 consists of the following:

Dividend income	\$ 93
Interest income	1,533
Unrealized appreciation of investment securities	<u>420</u>
	<u>\$ 2,046</u>

NOTE C – GRANT RECEIVABLE

Grant receivable at June 30, 2004 consists of the following:

New Orleans Council on Aging, Inc.	<u>\$ 3,462</u>
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NOTE D – UNCONDITIONAL PROMISE TO GIVE

The unconditional promise to give represents the United Way allocation for the program year July 1, 2004 through June 30, 2005. The United Way allocation totaled \$35,206.

LAKEVIEW AREA SENIOR ADULT MINISTRY, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2004

NOTE E – PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2004 consist of the following:

Office equipment	\$ 41,231
Transportation equipment	<u>22,024</u>
	63,255
Less accumulated depreciation	<u><58,526></u>
	<u>\$ 4,729</u>

NOTE F - COMMITMENT

The corporation leased property located at 6118 Canal Boulevard, New Orleans, Louisiana for use as a program facility and its administrative offices. The rental expense for the year ended June 30, 2004 totaled \$12,200.

NOTE G -- INCOME TAXES

The corporation is exempt from corporate income taxes under Section 501(c)(3) of the Internal Revenue Service.

NOTE H – CASH FLOW INFORMATION

During the year ended June 30, 2004, Lakeview Area Senior Adult Ministry, Inc. received a donation of stock with a value of approximately \$517.

NOTE I – CONCENTRATION OF CREDIT RISK

The unsecured cash balances at June 30, 2004 consist of the following:

Bank balances, including certificate of deposit	\$ 134,915
Insurance – FDIC & FSLIC	<u><116,694></u>
Unsecured balance	<u>\$ 18,221</u>

NOTE J – BOARD OF DIRECTOR'S COMPENSATION

The board of directors is a voluntary board; therefore, no compensation was paid to any board member during the year ended June 30, 2004.

SUPPLEMENTAL INFORMATION

LAKEVIEW AREA SENIOR ADULT MINISTRY, INC.

STATEMENT OF ACTIVITIES BY PROGRAM

For the year ended June 30, 2004

	<u>Agency Totals</u>	<u>Management and General</u>	<u>Home Services</u>	<u>Social Development</u>
REVENUE				
Board Generated Self Support	\$ 74,998	\$ 15,204	\$ 3,801	\$ 55,993
Client Generated Self Support	27,234	-	25,547	1,687
Government Grants	48,470	-	19,388	29,082
Other Revenue	<u>2,593</u>	<u>2,593</u>	<u>-</u>	<u>-</u>
Total Self Generated Revenue	<u>153,295</u>	<u>17,797</u>	<u>48,736</u>	<u>86,762</u>
CFC Designations	1,373	-	-	1,373
United Way Designations	4,460	-	-	4,460
United Way Allocations	<u>39,087</u>	<u>-</u>	<u>22,725</u>	<u>16,362</u>
Total Revenue	<u>198,215</u>	<u>-</u>	<u>71,461</u>	<u>108,957</u>
EXPENSES				
Compensation Expenses	146,200	4,355	57,840	84,005
Occupancy Expenses	17,071	3,414	1,709	11,948
Travel & Transportation	6,573	-	440	6,133
Other Direct Program Expenses	<u>26,504</u>	<u>9,110</u>	<u>6,908</u>	<u>10,486</u>
Total Expenses	<u>196,348</u>	<u>16,879</u>	<u>66,897</u>	<u>112,572</u>
Increase <decrease> in Net Assets	<u>\$ 1,867</u>	<u>\$ 918</u>	<u>\$ 4,564</u>	<u>\$ <3,615></u>
Depreciation	<u>\$ 3,727</u>	<u>\$ 1,891</u>	<u>\$ -</u>	<u>\$ 1,836</u>

Note

Presentation of Financial Statement

This financial statement is presented in the Functional Budget Spreadsheet format required by United Way for the year ended June 30, 2004. The United Way allocation represents funds awarded for the period July 1, 2003 through June 30, 2004.

LAKEVIEW AREA SENIOR ADULT MINISTRY, INC.

**SCHEDULE OF ACTUAL EXPENDITURES COMPARED TO BUDGET
STATE SENIOR CENTER PROGRAM**

For the year ended June 30, 2004

	<u>Budgeted</u>	<u>Actual</u>	<u>Actual Over <Under> Budget</u>
Salaries	\$ 19,620	\$ 20,181	\$ < 561>
Fringe benefits	4,302	4,920	< 618>
Operating services	19,065	18,305	760
Operating supplies	<u>5,483</u>	<u>5,066</u>	<u>417</u>
	<u>\$ 48,470</u>	<u>\$ 48,472</u>	<u>\$ < 2></u>

Justin J. Scanlan, C.P.A.

CERTIFIED PUBLIC ACCOUNTANT
4769 ST. ROCH AVE. NEW ORLEANS, LOUISIANA 70122
TELEPHONE: (504) 288-0050

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
Lakeview Area Senior Adult Ministry, Inc.

I have audited the financial statements of Lakeview Area Senior Adult Ministry, Inc. (a non-profit corporation) as of and for the year ended June 30, 2004, and have issued my report thereon dated September 27, 2004. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and 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 Lakeview Area Senior Adult Ministry, Inc.'s financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my 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 my audit, I considered Lakeview Area Senior Adult Ministry, Inc.'s internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, I noted certain matters involving the internal control over financial reporting and its operation that I consider to be reportable conditions. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgment, could adversely affect Lakeview Area Senior Adult Ministry, Inc.'s ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs 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. My 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 conditions that are also considered to be material weaknesses. However, I believe none of the reportable conditions described above is a material weakness.

This report is intended for the information and use of the audit committee, management, Louisiana Legislative Auditor, others within the organization and funding sources of the corporation and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Justin J. Scanlon, CPA

New Orleans, Louisiana
September 27, 2004

LAKEVIEW AREA SENIOR ADULT MINISTRY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended June 30, 2004

REPORTABLE CONDITIONS

2004-1 Segregation of Duties

Condition: Due to the size of the administrative staff, the organization is too small to effect a meaningful segregation of duties. All authorizations and approval of cash disbursements are performed by the Executive Director and all accounting functions are performed by the corporation's accountant.

Criteria: The accounting functions should be performed by a few individuals to assure a proper segregation duties.

Effect: The organization is unable to assure that its assets are properly safeguarded.

Recommendation: I recommend the Board of Directors continue its significant involvement in the financial affairs of the corporation through review of monthly financial reports and periodic review of the corporation's day to day financial activities.

Response: See Corrective Action Plan.

QUESTIONED COSTS

There are no questioned costs for the year ended June 30, 2004.

LAKEVIEW AREA SENIOR ADULT MINISTRY, INC.

STATUS OF PRIOR YEAR AUDIT FINDING

June 30, 2004

	<u>Resolved</u>	<u>Unresolved</u>	<u>Current Findings</u>
1. Segregation of Duties		X	2004-1

Lakeview Shepherd Center

6118 Canal Boulevard
New Orleans, LA 70124
(504) 486-9380

November 11, 2004

Sponsored by:
LAKEVIEW AREA SENIOR
ADULT MINISTRY, INC.

EXECUTIVE DIRECTOR
Ida L. Gaughan

Mr. Justin J. Scanlan, CPA
4769 St. Roch Avenue
New Orleans, LA 70122

Dear Mr. Scanlan:

In regard to the reportable conditions cited in our recent audit for the fiscal year ending June 30, 2004, please be advised that the Board of Directors is aware of the need for its oversight in the agency's financial affairs. Due the small number of agency staff positions, the Treasurer of the board plays an active role in assisting in the financial administration of the agency.

Thank you for your assistance. If you have further questions or recommendations, please contact me.

Sincerely,

Ida L. Gaughan
Ida L. Gaughan
Executive Director

