
PORT CITY ENTERPRISES, INC

FINANCIAL STATEMENTS

JUNE 30, 2017

PORT CITY ENTERPRISES, INC.

FINANCIAL STATEMENTS

JUNE 30, 2017



INDEPENDENT AUDITORS' REPORT

Board of Directors
Port City Enterprises, Inc.
Port Allen, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of Port City Enterprises, Inc. (a nonprofit organization) which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities and changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions 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 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Port City Enterprises, Inc. as of June 30, 2017 and 2016, and the respective changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Port City Enterprises, Inc.'s basic financial statements. The accompanying schedules of functional expenses on page 9 and schedule of compensation, benefits, & other payments to agency head or chief executive officer on page 10 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying schedules of functional expenses and schedule of compensation, benefits, & other payments to agency head or chief executive officer are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying schedule of functional expenses and schedule of compensation, benefits, & other payments to agency head or chief executive officer are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2017, on our consideration of Port City Enterprises, Inc.'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 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* in considering Port City Enterprises, Inc.'s internal control over financial reporting and compliance.

Dien, Dupuy & Ruiz

Gonzales, Louisiana
December 27, 2017

PORT CITY ENTERPRISES, INC.
PORT ALLEN, LOUISIANA

STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
<u>ASSETS</u>		
Current Assets		
Cash	\$ 181,673	\$ 171,015
Certificates of deposit	80,996	175,989
Accounts receivables	60,460	83,828
Other assets	8,063	927
Total Current Assets	<u>331,192</u>	<u>431,759</u>
Property and Equipment		
Greenhouse	8,732	8,732
Lawn equipment	23,554	23,554
Furniture and equipment	32,073	18,968
Leasehold improvements	73,586	60,443
Vehicles	42,945	42,945
	<u>180,890</u>	<u>154,642</u>
Accumulated depreciation	<u>(116,908)</u>	<u>(101,278)</u>
Property and equipment, net	<u>63,982</u>	<u>53,364</u>
TOTAL ASSETS	<u><u>\$ 395,174</u></u>	<u><u>\$ 485,123</u></u>
<u>LIABILITIES AND NET ASSETS</u>		
Accounts payable	\$ 4,248	\$ 13,141
Salaries and payroll taxes payable	<u>3,659</u>	<u>31,683</u>
TOTAL LIABILITIES	<u>7,907</u>	<u>44,824</u>
<u>NET ASSETS</u>		
Unrestricted	<u>387,267</u>	<u>440,299</u>
TOTAL NET ASSETS	<u>387,267</u>	<u>440,299</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 395,174</u></u>	<u><u>\$ 485,123</u></u>

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

PORT CITY ENTERPRISES, INC.
PORT ALLEN, LOUISIANA

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
<u>UNRESTRICTED REVENUES AND OTHER SUPPORT</u>		
Public Support:		
Contributions	\$ 16,741	\$ 18,168
Other Revenue:		
Contract funds	611,392	589,395
Sales to public, net	9,167	-
Interest income	707	676
Miscellaneous income	2,923	860
Total Revenue	<u>624,189</u>	<u>590,931</u>
 Total unrestricted revenues and other support	 <u>640,930</u>	 <u>609,099</u>
<u>EXPENSES</u>		
Program services	607,093	547,909
Supporting services-management and general	86,869	75,456
Total Expenses	<u>693,962</u>	<u>623,365</u>
 Change in net assets	 (53,032)	 (14,266)
 Net assets at beginning of year	 <u>440,299</u>	 <u>454,565</u>
 Net assets at end of year	 <u>\$ 387,267</u>	 <u>\$ 440,299</u>

The accompanying notes are an integral part of these statements.

PORT CITY ENTERPRISES, INC.
PORT ALLEN, LOUISIANA

STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
<u>CASH FLOW FROM OPERATING ACTIVITIES</u>		
Cash received from customers	\$ 664,298	\$ 568,847
Cash paid to customers	<u>(722,385)</u>	<u>(586,188)</u>
Net cash used in operating activities	<u>(58,087)</u>	<u>(17,341)</u>
<u>CASH FLOW FROM INVESTING ACTIVITIES</u>		
Purchases of property and equipment	(26,248)	(15,008)
Change in Certificates of Deposits	<u>94,993</u>	<u>2,638</u>
Net cash provided by (used in) investing activities	<u>68,745</u>	<u>(12,370)</u>
Net increase (decrease) in cash and cash equivalents	10,658	(29,711)
Cash and cash equivalents at beginning of year	<u>171,015</u>	<u>200,726</u>
Cash and cash equivalents at end of year	<u>\$ 181,673</u>	<u>\$ 171,015</u>
<u>RECONCILEMENT OF CHANGE IN NET ASSETS TO</u>		
<u>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</u>		
Change in net assets	\$ (53,032)	\$ (14,266)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	15,630	13,540
Decrease (Increase) in accounts receivable	23,368	(35,936)
(Increase) Decrease in other assets	(7,136)	203
(Decrease) Increase in accounts payable	(8,893)	8,869
(Decrease) Increase in salaries and payroll taxes payable	<u>(28,024)</u>	<u>10,249</u>
	<u>\$ (58,087)</u>	<u>\$ (17,341)</u>

The accompanying notes are an integral part of these statements.

PORT CITY ENTERPRISES, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1- Summary of Significant Accounting Policies

Nature of Activities

Port City Enterprises, Inc. is organized for the purpose of assisting people with developmental disabilities in finding and maintaining community based employment of their own choosing, to educate the public concerning the rights of individuals with disabilities and supported employment programs in general, to advocate for the employment of individuals with severe disabilities in community settings where the majority of co-workers are individuals without severe disabilities, and to act as an information clearinghouse for programs offering supported employment services regarding best practices, and policies and procedures specific to the State of Louisiana.

Basis of Accounting

The financial statements of Port City Enterprises, Inc. have been prepared on the accrual basis of accounting and accordingly reflect significant receivables, payables, and other liabilities.

Basis of Financial Statement Presentation

Port City Enterprises, Inc. follows the recommendations of the Financial Accounting Standards Board (FASB) in its Accounting Standards Codification (ASC). The Organization 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, permanently restricted net assets. As of June 30, 2017, there were no restricted net assets.

Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, the organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Donated Facilities Costs

The West Baton Rouge Parish Police Jury provides facilities, including utilities and building maintenance, for the use of Port City Enterprises, Inc. This provision is made at no cost to the organization. Management has estimated that the fair market value of the facility usage, utilities and building maintenance at \$12,000 per year. The financial statements reflect \$12,000 per year of support from this in-kind donation and \$12,000 per year of expense in connection with facility costs.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported support and revenue expenses. Actual results could differ from those estimates.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated between program and supporting services benefited.

All directly identifiable expenses are charged to program and supporting services. Expenses related to more than one function are charged to program and supporting services on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

PORT CITY ENTERPRISES, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1- Summary of Significant Accounting Policies (continued)

Income Tax Status

The Organization accounts for income taxes in accordance with income tax accounting guidance included in the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). The Organization adopted the accounting guidance related to accounting for uncertainty in income taxes, which sets out consistent framework to determine the appropriate level of tax reserves to maintain for uncertain tax positions.

The Organization is a nonprofit organization that is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2). The Organization has not recorded a provision for income taxes in the accompanying financial statements and the Organization does not have any uncertain tax positions. The Organization files a federal income tax return under U.S. federal jurisdiction.

Certificates of Deposit

Certificates of Deposit (CD's) represent CDs with initial maturities of greater than three months but less than one year. They are recorded at the face value plus accrued interest, which approximates fair value.

Property and Equipment

Property and equipment are carried at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in income for the period. The cost of maintenance and repairs is charged to expense as incurred; significant renewals and betterments are capitalized.

Reclassifications

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements.

PORT CITY ENTERPRISES, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 - Cash

Port City Enterprises, Inc. maintains money in local financial institutions, which may at times exceed the FDIC limits. Management believes the risk is limited. At June 30, 2017, there was not any uninsured cash balance.

At June 30, 2017 and 2016, the cash (book balances) is as follows:

	<u>2017</u>	<u>2016</u>
Cash	\$181,673	\$171,015

NOTE 3 – Investments in Certificates of Deposit

Certificates of deposit total \$80,996 and \$175,989 for 2017 and 2016, respectively. Initial maturities at purchase of these certificates range from 7 months to 1 year. At June 30, 2017, interest rates ranged from 0.15%, with interest paid at maturity. Any penalties for early withdrawal would not have a material effect on the financial statements.

NOTE 4 - Debt

The Organization has a \$50,000 revolving line of credit which had a zero balance at June 30, 2017 and 2016. Bank advances on the credit line are payable on demand and carry an interest rate of 3.26% in 2017 and 2016. The credit line is secured by the pledge of certificate of deposit with the same financial institution in the amount of \$81,121.

NOTE 5 - Economic Dependency

Port City enterprises, Inc.'s primary sources of revenue are from contracts administered and/or funded by the State of Louisiana and the United States government. Approximately 72% and 69% of the organization's revenues were derived from these sources in 2017 and 2016, respectively. All of the amounts listed as accounts receivable are from these sources.

The Organization's clients, during the years presented, all reside within the state of Louisiana.

NOTE 6 - Evaluation of Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, December 27, 2017, and has determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

SUPPLEMENTARY INFORMATION

PORT CITY ENTERPRISES, INC.
PORT ALLEN, LOUISIANA

SCHEDULES OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2017 AND 2016

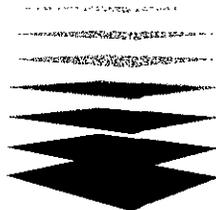
	Program Services		Management and General		Total	
	2017	2016	2017	2016	2017	2016
Advertising	\$ -	\$ -	\$ 1,436	\$ 196	\$ 1,436	\$ 196
Answering Service	1,660	528	-	-	1,660	528
Bank Charges	-	-	564	433	564	433
Bad Debt expense	-	4,407	-	-	-	4,407
Depreciation Expense	14,067	12,186	1,563	1,354	15,630	13,540
Director's Meetings	-	-	1,201	1,815	1,201	1,815
Facilities costs	10,800	10,800	1,200	1,200	12,000	12,000
Insurance	44,640	40,685	6,355	5,792	50,995	46,477
Internet service	1,320	537	-	-	1,320	537
Licenses	-	-	890	815	890	815
Medical services	1,600	2,000	-	-	1,600	2,000
Miscellaneous expenses	2,575	2,538	2,574	2,538	5,149	5,076
Pager and cell phone	1,920	2,282	-	-	1,920	2,282
Payroll taxes	34,767	31,321	3,799	3,422	38,566	34,743
Pest Control	455	653	50	72	505	725
Postage	-	-	567	411	567	411
Professional Fees	9,250	8,650	9,250	8,650	18,500	17,300
Repairs & Maint	9,396	6,295	4,467	2,993	13,863	9,288
Salaries	429,786	385,814	45,525	40,867	475,311	426,681
Security	1,861	1,888	208	211	2,069	2,099
Services for clients	3,362	4,157	-	-	3,362	4,157
Staff Training	3,721	1,404	-	-	3,721	1,404
Staff travel	15,520	16,686	-	-	15,520	16,686
Storage	-	-	1,445	-	1,445	-
Supplies	13,420	11,521	4,998	4,291	18,418	15,812
Telephone	3,090	1,698	344	189	3,434	1,887
Uniforms	1,377	1,014	154	113	1,531	1,127
Utilities	2,506	845	279	94	2,785	939
Total expenses	\$ 607,093	\$ 547,909	\$ 86,869	\$ 75,456	\$ 693,962	\$ 623,365

PORT CITY ENTERPRISES, INC.
PORT ALLEN, LOUISIANA

SCHEDULE OF COMPENSATION, BENEFITS & OTHER PAYMENTS
TO CHIEF EXECUTIVE OFFICER
YEAR ENDED JUNE 30, 2017

Chief Executive Officer Name: Lisa Wilridge, Executive Director

Purpose	Amount
Salary	\$ 53,208
Benefits- insurance	1,249
Cell phone	1,200
Travel	923
Registration fees	625
Total	<u>\$ 57,205</u>



DDR

DIEZ, DUPUY & RUIZ, LLC

**INDEPENDENT AUDITORS' 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**

Board of Directors
Port City Enterprises, Inc.
Port Allen, Louisiana

We have audited, 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, the financial statements of Port City Enterprises, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 27, 2017.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Port City Enterprises, Inc.'s internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances 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 Port City Enterprises, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Port City Enterprises, Inc.'s internal control.

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. *A significant deficiency* is a deficiency, or a 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.

Our consideration of internal control 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 material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Port City Enterprises, Inc. '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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Diez, Dupuy & Ruiz

Gonzales, Louisiana
December 27, 2017

PORT CITY ENTERPRISES, INC.
SCHEDULE OF FINDINGS AND RESPONSES

YEAR ENDED JUNE 30, 2017

SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unmodified opinion on whether the financial statements of Port City Enterprises, Inc. were prepared in accordance with GAAP.
2. No significant deficiencies relating to the audit of the financial statements are reported as of June 30, 2017.
3. No instances of noncompliance material to the financial statements of Port City Enterprises, Inc. which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.

FINDINGS – FINANCIAL STATEMENT AUDIT

NONE NOTED

FINDINGS – COMPLIANCE

NONE NOTED

PORT CITY ENTERPRISES, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2017

FINDINGS – FINANCIAL STATEMENT AUDIT

NONE NOTED

FINDINGS – COMPLIANCE

NONE NOTED