

SEVENTH DISTRICT PAVILION, INC

Crowley, Louisiana

FINANCIAL STATEMENTS

DECEMBER 31, 2010

SEVENTH DISTRICT PAVILION, INC.
Crowley, Louisiana

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BROADHURST, HAMILTON & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

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September 18, 2012

INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

To the Board of Directors
Seventh District Pavilion, Inc.
Crowley, Louisiana

We have compiled the accompanying statement of financial position of the Seventh District Pavilion, Inc. (a nonprofit organization) as of December 31, 2010, and the related statements of activities, functional expenses and cash flows for the year then ended. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Management has elected to omit substantially all of the disclosures required by accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Organization's financial position, changes in net assets, and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

Broadhurst, Hamilton & Company

BROADHURST, HAMILTON & COMPANY
Certified Public Accountants

STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2010

ASSETS

	<u>2010</u>
CURRENT ASSETS	
Cash	\$ 7,447
Accounts receivable	<u>1,800</u>
Total Current Assets	<u>\$ 9,247</u>
FIXED ASSETS	
Property, building, and equipment	\$ 1,016,810
Less: accumulated depreciation	<u>23,021</u>
Total Net Fixed Assets	<u>\$ 993,789</u>
TOTAL ASSETS	<u>\$ 1,003,036</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES	
Payroll taxes payable	\$ 1,231
Accrued interest payable	<u>28,272</u>
Total Current Liabilities	<u>\$ 29,503</u>
LONG-TERM LIABILITIES	
Note Payable - HAC Shop	\$ 277,772
Note Payable - HAC RHLF	296,519
Note Payable - Evangeline Bank	<u>30,000</u>
Total Long-term Liabilities	<u>\$ 604,291</u>
Total Liabilities	<u>\$ 633,794</u>
NET ASSETS	
Unrestricted	<u>\$ 369,242</u>
Total Net Assets	<u>\$ 369,242</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,003,036</u>

See Accountants' compilation report.

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2010

	2010
CHANGES IN UNRESTRICTED NET ASSETS:	
PUBLIC SUPPORT:	
Direct public support:	
Cash contributions	\$ 1,500
In-kind donations	-
Indirect public support:	
LA Housing Finance Agency - Community Dev. Housing Organization	50,000
Rural Housing & Economic Development	113,127
State grants	8,000
Other grants	10,000
Total Public Support	\$ 182,627
REVENUES:	
Management fees	\$ 67,570
Developer fees	33,521
Credit report fees	2,632
Refunds	15,829
Mineral royalty income	23,042
Total Revenues	\$ 142,594
TOTAL PUBLIC SUPPORT AND REVENUES	\$ 325,221
EXPENSES:	
Program activities:	
Program services	\$ 206,098
Supporting services:	
Support services administration	\$ 51,358
Fund raising services	-
Total Supporting Services	\$ 51,358
TOTAL EXPENSES	\$ 257,456
INCREASE/(DECREASE) IN UNRESTRICTED NET ASSETS	\$ 67,765
UNRESTRICTED NET ASSETS, BEGINNING OF YEAR , as previously reported	\$ 652,434
Prior period adjustments, net	(350,957)
UNRESTRICTED NET ASSETS, BEGINNING OF YEAR , as adjusted	\$ 301,477
UNRESTRICTED NET ASSETS, END OF YEAR	\$ 369,242

See Accountants' compilation report.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>PROGRAM</u>	<u>SUPPORTING SERVICES</u>			<u>Total</u>	<u>Expenses</u>
	<u>Activities</u>	<u>Support</u>	<u>Fund</u>	<u>Total</u>		
	<u>Program</u>	<u>Services</u>	<u>Administration</u>	<u>Raising</u>	<u>Services</u>	<u>Total</u>
	<u>Services</u>	<u>Administration</u>	<u>Administration</u>	<u>Services</u>	<u>Services</u>	<u>Total</u>
Accounting fees	\$ -	\$ 1,875	\$ -	\$ -	\$ 1,875	\$ 1,875
Advertising	-	-	-	-	-	-
Architectural fees	4,700	-	-	-	-	4,700
Bank fees	-	130	-	-	130	130
Computer expense	-	385	-	-	385	385
Construction expense	6,941	-	-	-	-	6,941
Credit bureau fees	4,355	-	-	-	-	4,355
Depreciation	6,493	-	-	-	-	6,493
Dues and subscriptions	-	345	-	-	345	345
Employee benefits	1,000	-	-	-	-	1,000
Fund raising expense	-	-	-	-	-	-
Grant expend. for JD Proj.	9,494	-	-	-	-	9,494
Insurance	-	9,570	-	-	9,570	9,570
Interest expense	-	14,680	-	-	14,680	14,680
Miscellaneous expense	-	536	-	-	536	536
Office expense & supplies	-	2,473	-	-	2,473	2,473
Penalties	-	7,756	-	-	7,756	7,756
Postage	-	489	-	-	489	489
Repairs and maintenance	-	185	-	-	185	185
Salary & contract services	153,165	-	-	-	-	153,165
Taxes - payroll	4,779	-	-	-	-	4,779
Telephone	-	5,726	-	-	5,726	5,726
Travel & seminar costs	15,171	-	-	-	-	15,171
Utilities	-	7,208	-	-	7,208	7,208
TOTAL						
FUNCTIONAL						
EXPENSES	<u>\$ 206,098</u>	<u>\$ 51,358</u>	<u>\$ -</u>	<u>\$ 51,358</u>	<u>\$ 257,456</u>	

See Accountants' compilation report.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2010

	2010
CASH FLOWS FROM OPERATING ACTIVITIES	
Increase/(Decrease) in net assets	\$ 67,765
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	6,493
Prior period adjustments, net	(334,429)
Change in assets:	
(Increase)/decrease in current assets:	
Accounts receivable	(1,800)
Other assets	10,000
Grant contracts	50,000
Grants receivable	370,000
Increase/(decrease) in current liabilities:	
Accounts payable	(22,100)
Accrued expenses	35,349
Accrued interest payable	<u>28,272</u>
Net Cash Provided by Operating Activities	<u>\$ 209,550</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of fixed assets	\$ (21,019)
Correction of prior year fixed asset additions	<u>(213,383)</u>
Net Cash Used by Investing Activities	<u>\$ (234,402)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from line of credit and loans	<u>\$ 30,000</u>
Net Cash Provided by Financing Activities	<u>\$ 30,000</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 5,148
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>2,299</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 7,447</u></u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:	
Cash paid during the year for:	
Interest	<u>\$ 791</u>
Taxes	<u>\$ -</u>

See Accountants' compilation report.

SUPPLEMENTARY INFORMATION

SCHEDULE OF CURRENT YEAR FINDINGS AND RESPONSES
FOR THE YEAR ENDING DECEMBER 31, 2010

SECTION I - INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FINANCIAL STATEMENTS

Item 2010 - 1: Report filed late

Finding:

Financial statements were filed after September 30, 2011 in noncompliance with LRS 24:513-514. Based on information provided by the Louisiana Legislative Auditor in a letter dated October 11, 2011, management had requested and received an extension to file the financial statements from June 30, 2011, until September 30, 2011. Management failed to engage an approved CPA firm to compile the financial statements until late spring 2012.

Recommendation:

Management should establish policies to insure that financial statements are filed timely with the Legislative Auditor's Office in accordance with Louisiana Revised Statutes.

Managements Response:

We were not required to have a CPA prepare our financial statements in the past and were not aware that we were required to have this done when the amount of State and/or Local assistance that we received exceeded \$50,001. When we were informed by the Legislative Auditor's Office that we were required to file CPA prepared financial statements for the year ending December 31, 2010, we immediately contacted the CPA we have engaged to prepare our Federal Form 990. We were informed that he was not currently approved to perform governmental engagements, and we subsequently began a search for a CPA that was approved by the Louisiana Legislative Auditor's Office. We are now aware of the rules and will attempt to comply in all future periods.

Item 2010 - 2: Accounting records not in acceptable condition

Finding:

The financial records for the Seventh District Pavilion, Inc. are currently maintained and posted by the Housing Director who is not a trained accountant. The initial accounting records presented for compilation contained numerous incorrect entries and obvious misclassifications that required material adjustments before financial statements could be compiled for transmission to the Louisiana Legislative Auditor. The financial records were returned to management with basic instructions on how to correct the most obvious errors and this further delayed the compilation of the required compiled financial statements.

Recommendation:

The best solution would be for the Organization to have the accounting records maintained by an internal qualified accounting employee or qualified outside accounting entity. Management does currently employ a Certified Public Accountant (CPA) to prepare its Federal Form 990. Due to economic factors, the Organization should, at a minimum, employ this CPA, another CPA firm or another qualified outside party to review the accounting records and related reconciliations on a monthly or quarterly basis. This would help to insure that the books and records are being prepared correctly in the future.

Management Response:

We are now aware of the recording issues that caused problems in our accounting records. We do not believe that it is feasible to employ a full-time trained accountant, but we will attempt to have our accounting records reviewed by a qualified accountant on at least a quarterly basis starting as of the date of this report.

SCHEDULE OF CURRENT YEAR FINDINGS AND RESPONSES
FOR THE YEAR ENDING DECEMBER 31, 2010

SECTION II - INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS

No findings to report.

SECTION II - MANAGEMENT LETTER

No findings to report.

**MANAGEMENT'S CORRECTIVE ACTION PLAN FOR CURRENT YEAR FINDINGS
FOR THE YEAR ENDING DECEMBER 31, 2010**

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**MANAGEMENT'S CORRECTIVE ACTION PLAN FOR CURRENT YEAR FINDINGS
FOR THE YEAR ENDING DECEMBER 31, 2010**

SECTION II - INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS

No findings to report.

SECTION II - MANAGEMENT LETTER

No findings to report.

THIS SCHEDULE HAS BEEN PREPARED BY MANAGEMENT