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FINANCIAL STATEMENTS AND REPORTS OF  
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT

LOUISIANA ASSOCIATION OF COMMUNITY  
SERVICE ORGANIZATIONS, INC.

October 31, 1999

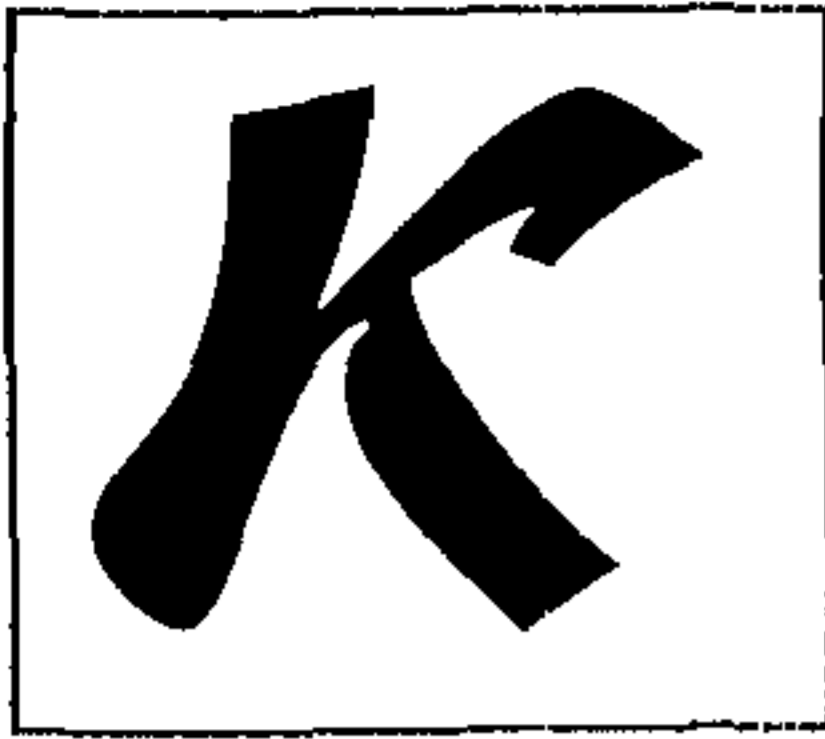
Roland D. Kraushaar  
Certified Public Accountant  
Alexandria, Louisiana

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 \_\_\_\_\_

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# Roland D. Kraushaar

Certified Public Accountant

1406 Texas Avenue      Alexandria, LA 71301  
Post Office Box 12538      Alexandria, LA 71315

June 7, 2000

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Louisiana Association of Community  
Service Organizations, Inc.  
c/o Joyce Hamilton  
P.O. Box 294  
Colfax, Louisiana

I have audited the accompanying statement of financial position of the Louisiana Association of Community Service Organizations, Inc., as of October 31, 1999, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Louisiana Association of Community Service Organizations, Inc.'s management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my 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. 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.

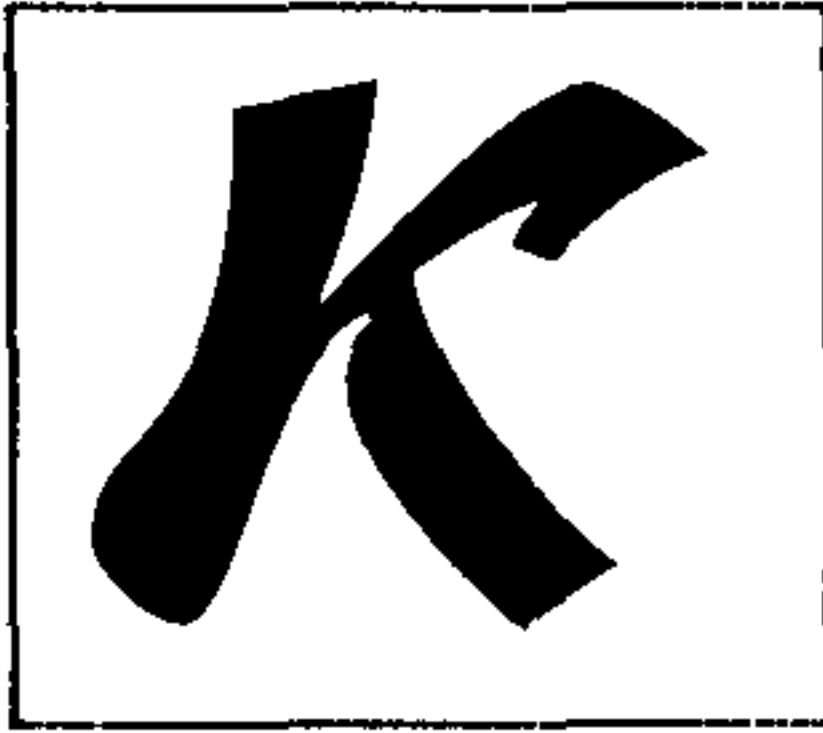
In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Louisiana Association of Community Service Organizations, Inc., as of October 31, 1999, and the changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, I have also issued my report dated June 7, 2000 on my consideration of the Louisiana Association of Community Service Organizations, Inc.'s

internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants.

A handwritten signature in black ink, appearing to read 'RDK' with a long horizontal flourish extending to the right.

Roland D. Kraushaar  
Certified Public Accountant



# Roland D. Kraushaar

Certified Public Accountant

1406 Texas Avenue      Alexandria, LA 71301  
Post Office Box 12538      Alexandria, LA 71315

June 7, 2000

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON  
INTERNAL CONTROL OVER FINANCIAL REPORTING  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors  
Louisiana Association of Community  
Service Organizations, Inc.  
c/o Joyce Hamilton  
P.O. Box 294  
Colfax, Louisiana

I have audited the financial statements of the Louisiana Association of Community Service Organizations, Inc., as of and for the year ended October 31, 1999, and have issued my report thereon dated June 7, 2000. I conducted my 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

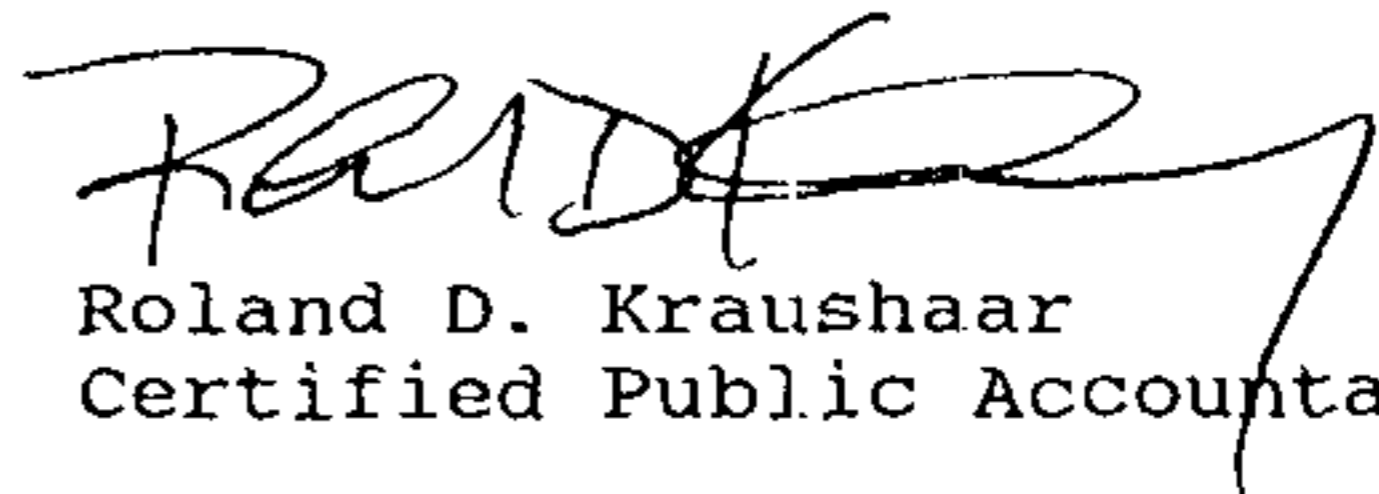
As part of obtaining reasonable assurance about whether the Louisiana Association of Community Service Organizations, Inc.'s financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with 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 the Louisiana Association of Community Service Organizations, 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. My 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. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

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.



Roland D. Kraushaar  
Certified Public Accountant

LOUISIANA ASSOCIATION OF COMMUNITY  
SERVICE ORGANIZATIONS, INC.

BALANCE SHEET  
October 31, 1999

ASSETS

Cash & Equivalents	\$20,250
Grant Receivable	<u>          -</u>
Total assets	\$20,250 =====

LIABILITIES AND FUND EQUITY

LIABILITIES	
Accounts Payable	\$    599
FUND EQUITY	
Fund balance	<u>  19,651</u>
Total liabilities and fund equity	\$20,250 =====

The accompanying notes are an integral part of this statement.

LOUISIANA ASSOCIATION OF COMMUNITY  
SERVICE ORGANIZATIONS, INC.

STATEMENT OF ACTIVITIES  
Year Ended October 31, 1999

REVENUES:	
Grant-NACAA	\$ 8,800
Dues and registrations	9,743
Interest income	<u>622</u>
Total revenues	<u>\$ 19,165</u>
EXPENDITURES:	
Seminars and meetings	\$ 18,045
Travel	3,865
Supplies	59
Telephone, postage, etc.	738
Audit and accounting	1,300
NACAA Foundation Contribution	3,500
Filing Fees	505
Scholarships	900
Other costs	<u>963</u>
Total expenditures	<u>\$ 29,875</u>
EXCESS REVENUES OVER EXPENDITURES (DEFICIT)	\$ (10,710)
Fund Balance, Beginning	<u>30,361</u>
Fund Balance, Ending	<u>\$ 19,651</u> =====

The accompanying notes are an integral part of this statement.



LOUISIANA ASSOCIATION OF COMMUNITY  
SERVICE ORGANIZATIONS, INC.

STATEMENT OF CASH FLOWS  
Year Ended October 31, 1999

Cash Flows From Operating Activities

Change in net assets	\$ (10,710)
Increase in operating liabilities	<u>70</u>
Net increase (decrease) in cash	\$ (10,640)

Cash

October 31, 1998	<u>30,890</u>
October 31, 1999	<u><u>\$ 20,250</u></u>

The accompanying notes are an integral part of this statement.

LOUISIANA ASSOCIATION OF COMMUNITY  
SERVICE ORGANIZATIONS, INC.

NOTES TO FINANCIAL STATEMENTS

October 31, 1999

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Louisiana Association of Community Service Organizations, Inc. is a non-profit quasi-governmental organization. Its membership is composed of the various local Community Action Agencies throughout the State of Louisiana. The Organization is supported by membership dues, self-generated conference registration fees and state grants through the Louisiana Department of Labor.

Income Taxes

The Organization is exempt from income taxes under Section 501 (c)(4) of the Internal Revenue Code.

Cash & Cash Equivalents

For the purposes of the statement of cash flows, LACSO considers all highly liquid investments available for current use with an initial maturity of six months or less to be cash equivalents.

NOTE 2 - BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

NOTE 3 - COMPENSATION AND/OR PER DIEM TO BOARD MEMBERS

There was no compensation or per diem paid to Board members of the Louisiana Association of Community Service Organizations, Inc. for the year ended October 31, 1999.

LOUISIANA ASSOCIATION OF COMMUNITY  
SERVICE ORGANIZATIONS, INC.

NOTES TO FINANCIAL STATEMENTS

October 31, 1999

(Continued)

NOTE 4 - COLLATERALIZATION OF BANK DEPOSITS

At October 31, 1999, the Louisiana Association of Community Service Organizations, Inc. had cash (book balances) totaling \$20,250 on deposit at two financial institutions. Cash and cash equivalents (bank balances) at October 31, 1999 equaled \$20,701. All monies on deposit were insured by FDIC insurance.

LOUISIANA ASSOCIATION OF COMMUNITY  
SERVICE ORGANIZATIONS, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended October 31, 1999

A. Summary of Audit Results

1. The auditor's report expresses an unqualified opinion on the financial statements of the Louisiana Association of Community Service Organizations, Inc.
2. No reportable conditions relating to the audit of the financial statements are reported.
3. No instances of noncompliance material to the financial statements of the Louisiana Association of Community Service Organizations, Inc. were disclosed during the audit.

B. Findings - Financial Statement Audit

FINDING # 1: Checks were sometimes issued without the required two signatures

CRITERIA: LACSO's policies and procedures require that checks be signed by both the Director and Treasurer

CAUSE: Payments for services were sometimes made at the time services were actually made and when both parties were not available.

RECOMMENDATION: The existing policy could be modified to require two signatures for amounts over \$ 50.00

QUESTIONED COSTS: None

FINDING# 2: Purchase orders were not issued for all purchases.

CRITERIA: LACSO's policies and procedures require the use of purchase orders for all payments in order to document approval for payments.

CAUSE: Purchase orders were not always attached to travel reimbursement requests which were already approved by another officer. Additionally, recurring expenditures for accounting services

LOUISIANA ASSOCIATION OF COMMUNITY  
SERVICE ORGANIZATIONS, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended October 31, 1999

(Continued)

did not have Purchase Orders attached.

RECOMMENDATION: Purchase orders should be used for all payments other than travel reimbursements which could require only the approved travel voucher

QUESTIONED COSTS: None

FINDING # 3 LACSO did not comply with the Louisiana Revised Statutes which require that the audit report be issued within six months of the fiscal year end.

CRITERIA: In the past, LACSO was the recipient of federal and state grant funds which forced it to comply with the State audit requirements. This year no such grants were received.

CAUSE: An engagement letter was prepared based on prior circumstance and requirements and submitted to the Legislative Auditor for approval without a thorough review of the current need to submit such an engagement for approval. Although LACSO submitted the information to the auditor in a timely manner, the auditor failed to complete the report within the allotted time.

RECOMMENDATION: Future engagements should be reviewed in order to determine if the engagement meets current audit approval requirements and should include a penalty provision for late completion by the auditor.

QUESTIONED COSTS: None

**LOUISIANA ASSOCIATION OF COMMUNITY SERVICE ORGANIZATIONS  
CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED OCTOBER 31, 1999**

The following Corrective Action Plan shall be followed in order to address findings in the annual audit for the period ended October 31, 1999:

**1. DUAL SIGNATURES:** The existing policy requiring dual signatures shall be followed at all times. At the next meeting of the Board of Directors, we will discuss the options of adding a third person to the list of authorized signatures or a modification requiring dual signatures for amounts over a specified dollar limit.

**2. PURCHASE ORDERS:** The existing policy requiring purchase orders will continue to be enforced until modified by the Board. We will discuss the substitution of approved travel vouchers without requiring an additional purchase order.

**3. TIMELY AUDIT SUBMISSIONS:** Future audits will be engaged prior to the end of the fiscal year thereby allowing time to study the requirement for Legislative Auditor approval and records will be submitted to the auditor within three months of the year end to allow time for completion within the specified time limits. Penalty provisions may be added to the engagement letter to ensure timely completion.