

INDEPENDENT AUDITORS' REPORT

Board of Directors  
Calcasieu Association for Social  
Enrichment, Inc.

We have audited the accompanying balance sheet of the Calcasieu Association for Social Enrichment, Inc. (a non-profit organization) as of June 30, 1996, and the related statements of support, revenue and expenses and changes in fund balances and functional expenses 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 generally accepted auditing standards 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 the Calcasieu Association for Social Enrichment, Inc. as of June 30, 1996, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated September 26, 1996, on our consideration of Calcasieu Association for Social Enrichment, Inc. internal control structure and a report dated September 26, 1996, on its compliance with laws and regulations.

*Danell Morris*

Lake Charles, LA  
September 26, 1996

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE BASED  
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors of the  
Calcasieu Association for  
Social Enrichment, Inc.

We have audited the financial statements of the Calcasieu Association for Social Enrichment, Inc. (a non-profit organization) as of and for the year ended June 30, 1996, and have issued our report thereon dated September 26, 1996.

We conducted our audit in accordance with generally accepted auditing standards 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.

Compliance with laws, regulations, contracts, and grants applicable to the Calcasieu Association for Social Enrichment, Inc. is the responsibility of Calcasieu Association for Social Enrichment, Inc. management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of Calcasieu Association for Social Enrichment, Inc. compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of compliance that are required to be reported under Government Auditing Standards.

This report is intended for the information of the board of directors, management, and the Office of Legislative Auditor, State of Louisiana. However, this report is a matter of public record, and its distribution is not limited.

*Danell Meris*

Lake Charles, Louisiana  
September 26, 1996

## CALCASIEU ASSOCIATION FOR SOCIAL ENRICHMENT, INC.

## BALANCE SHEET

June 30, 1996

	<u>Operating Fund</u>	<u>Plant Fund</u>	<u>Total</u>
<b>ASSETS</b>			
Cash	\$ 4,893	\$ -	\$ 4,893
Grants receivable	428	-	428
Prepaid expenses	909	-	909
Utility deposit	150	-	150
Leasehold improvements, equipment, furniture and fixtures - at cost, less accumulated depreciation of \$69,586	<u>-</u>	<u>17,314</u>	<u>17,314</u>
	<u>\$ 6,380</u>	<u>\$ 17,314</u>	<u>\$ 23,694</u>
<b>LIABILITIES &amp; FUND BALANCE</b>			
Liabilities	\$ 1,908	\$ -	\$ 1,908
Fund balance			
Unrestricted fund	4,472		4,472
Equipment fund	<u>-</u>	<u>17,314</u>	<u>17,314</u>
	<u>4,472</u>	<u>17,314</u>	<u>21,786</u>
	<u>\$ 6,380</u>	<u>\$ 17,314</u>	<u>\$ 23,694</u>

See Notes to Financial Statements.

understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities 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. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

However, we noted certain matters involving the internal control structure and its operation that we have reported to the management of the Calcasieu Association for Social Enrichment, Inc. in a separate letter dated September 26, 1996.

This report is intended for the information of the board of directors, management, and the Office of Legislative Auditor, State of Louisiana. However, this report is a matter of public record, and its distribution is not limited.

*Danell Morris*

Lake Charles, Louisiana  
September 26, 1996

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL STRUCTURE  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors of the  
Calcasieu Association for  
Social Enrichment, Inc.

We have audited the financial statements of the Calcasieu Association for Social Enrichment, Inc. (a non-profit organization) for the year ended June 30, 1996, and have issued our report thereon dated September 26, 1996.

We conducted our audit in accordance with generally accepted auditing standards 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.

The management of the Calcasieu Association for Social Enrichment, Inc. is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and the transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the financial statements of Calcasieu Association for Social Enrichment, Inc. for the year ended June 30, 1996, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an

CALCASIEU ASSOCIATION FOR SOCIAL ENRICHMENT, INC.

STATEMENT OF SUPPORT, REVENUE AND EXPENSES,  
AND CHANGES IN FUND BALANCES

Year Ended June 30, 1996

	<u>Operating Fund</u>	<u>Plant Fund</u>	<u>Total</u>
Public support: Contributions	\$ 33,600	\$ -	\$ 33,600
Revenue:			
Grants	191,138	-	191,138
Interest income	<u>2,019</u>	<u>-</u>	<u>2,019</u>
Total revenue	<u>193,157</u>	<u>-</u>	<u>193,157</u>
Total Public Support and Revenue	226,757	-	226,757
Expenses:			
Program services:			
Upward Bound Tutorial Program	181,915	4,052	185,967
Supporting services:			
Management and general	<u>39,829</u>	<u>450</u>	<u>40,279</u>
Total expenses	<u>221,744</u>	<u>4,502</u>	<u>226,246</u>
Excess (deficiency) of public support and revenue over expenses before capital additions	5,013	( 4,502)	511
Capital additions	<u>( 6,325)</u>	<u>6,325</u>	<u>-</u>
Excess (deficiency) of public support and revenue over expenses after capital additions	( 1,312)	1,823	511
FUND BALANCES, BEGINNING OF YEAR	<u>5,784</u>	<u>15,491</u>	<u>21,275</u>
FUND BALANCES, END OF YEAR	<u>\$ 4,472</u>	<u>\$ 17,314</u>	<u>\$ 21,786</u>

See Notes to Financial Statements.

CALCASIEU ASSOCIATION FOR SOCIAL ENRICHMENT, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 1996

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of activities

Calcasieu Association for Social Enrichment, Inc. is a community outreach program, providing services to primarily underprivileged children and youth. They offer assistance in training for disenfranchised youth, and supplementary and tutorial services for students who have not succeeded in the traditional classroom, and others who need assistance.

Basis of presentation

Financial statement presentation follows the recommendations of the American Institute of Certified Public Accountants in its Industry Audit Guide, Audits of Voluntary Health and Welfare Organizations.

Fund accounting

The accounts of the Agency are maintained in accordance with the principles of fund accounting whereby resources are classified for accounting and reporting purposes into funds established according to their nature and purpose. Separate accounts are maintained for each fund; accordingly, all financial transactions have been recorded in the funds as follows:

The operating fund represents revenues and expenses related to the operation and management of the Agency's primary programs and supporting services.

The plant fund represents the Agency's investment in equipment and furniture.

The costs of the Agency's programs and supporting services have been reported on a functional basis. This required the allocation of certain of the costs among the various programs and supporting services based on estimates made by management.

Income tax status

The Agency qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, therefore, has no provision for federal income taxes. They are considered to be a nonprivate foundation under the provisions of IRC 170(b)(1)(A)-(vi).

Leasehold improvements, equipment, furniture and fixtures

All expenditures for leasehold improvements, equipment, furniture and fixtures are capitalized. Depreciation is computed

September 26, 1996

To the Executive Director  
The Board of Directors of the  
Calcasieu Association for  
Social Enrichment, Inc.

In planning and performing our audit of the financial statements of the Calcasieu Association for Social Enrichment, Inc. for the year ended June 30, 1996, we considered the Organization's internal control structure to plan our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit, we noted certain matters involving the internal control structure and other operational matters that are presented for your consideration. This letter does not affect our report dated September 26, 1996, on the financial statements of the Calcasieu Association for Social Enrichment, Inc. We will review the status of these comments during our next audit engagement. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal control structure or result in other operating efficiencies. We will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. Our comments are summarized as follows:

#### Organizational Structure

The size of the Organization's accounting and administrative 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 Organization to provide oversight and independent review functions.



CALCASIEU ASSOCIATION FOR SOCIAL ENRICHMENT, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 1996

	Program Services- Upward Bound Tutorial Program	Supporting Services	Total All Funds
Salaries	\$ 91,402	\$ 22,120	\$ 113,522
Payroll taxes	9,414	2,278	11,692
Workmen's comp. insurance	<u>1,114</u>	<u>279</u>	<u>1,393</u>
Total salaries and related expenses	101,930	24,677	126,607
Rent	26,880	6,720	33,600
Program materials	5,357	-	5,357
Telephone	884	884	1,768
Utilities	2,531	281	2,812
Office and postage	-	1,018	1,018
Building maintenance and supplies	998	250	1,248
Security	672	168	840
Insurance	1,001	1,001	2,002
Miscellaneous expenses	31	-	31
Auditing fees	-	3,500	3,500
Resource consultant	380	-	380
Student activities	1,413	-	1,413
Parent/other activities	36,713	-	36,713
Equipment repairs	1,280	142	1,422
Conferences/meetings	738	82	820
Local transportation	127	127	254
Auto expense	<u>980</u>	<u>979</u>	<u>1,959</u>
Total expenses before depreciation	181,915	39,829	221,744
Depreciation of equipment, furniture and fixtures	<u>4,052</u>	<u>450</u>	<u>4,502</u>
Total Expenses	<u>\$ 185,967</u>	<u>\$ 40,279</u>	<u>\$ 226,246</u>

See Notes to Financial Statements.

CALCASIEU ASSOCIATION FOR SOCIAL ENRICHMENT, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 1996

by the straight-line method beginning in the year of acquisition, at rates based on the following estimated useful lives:

	<u>Years</u>
Leasehold improvements	10
Furniture and fixtures	10
Equipment	4-10

Depreciation expense for the year ended June 30, 1996, was \$4,502 and is reported as program and supporting services in the "Plant Fund" in the statement of support, revenue and expenses, and changes in fund balances.

The cost of such assets at June 30, 1996, is as follows:

Leasehold improvements	\$ 7,415
Furniture and fixtures	18,400
Equipment	47,324
Van	<u>13,761</u>
	86,900
Less accumulated depreciation	<u>69,586</u>
	<u>\$ 17,314</u>

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.

NOTE B - DONATED USE OF SPACE

The Agency has a rent-free lease with the Calcasieu Parish School Board whereby they are allowed free use of the facilities for the lease contract period from July 1, 1993, through June 30, 1998. Contributions and related rental expense are reflected in the financial statements for the year ended June 30, 1996, based on the following estimated values:

	<u>Square Feet</u>	<u>Estimated Square Foot Annual Rental Value</u>	<u>Annual Rental Equivalent</u>
Jackson Street Facility	7,000	\$ 4.80	<u>\$ 33,600</u>

CALCASIEU ASSOCIATION FOR SOCIAL ENRICHMENT, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 1996

NOTE C - GRANTS

Grant income represents the principle source of revenue for the Agency. Included in grant income is \$189,000 of funds contracted from the Louisiana Department of Education, \$425 from the Louisiana Office of Educational Support Services (Dependent Care Grant), and \$1,713 from the Louisiana Decentralized Arts Funding Program for the Upward Bound Tutorial Program. Management is not aware of any significant changes in funding levels in the future, but continuation of the grants is subject to availability of funds and legislature and other approvals.

Included in the grant from the Louisiana Department of Education was \$35,000 which was budgeted and expended on equipment, personnel and administrative services for the benefit of Sacred Heart Church in Lake Charles, which operates a program similar to the Upward Bound Tutorial Program. This amount is included as an expense in the category "Parent/Other activities."

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FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITORS' REPORT

CALCASIEU ASSOCIATION FOR SOCIAL ENRICHMENT, INC.

June 30, 1996

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Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, 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 DEC 11 1996

**DARRELL J. MORRIS**  
**CERTIFIED PUBLIC ACCOUNTANT**  
(A Professional Corporation)  
LAKE CHARLES, LOUISIANA 70606

CALCASIEU ASSOCIATION FOR SOCIAL ENRICHMENT, INC.

FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITORS' REPORT

June 30, 1996

Executive Director  
Page 2  
September 26, 1996

We wish to thank the Executive Director and his office staff for their support and assistance during our audit.

This report is intended solely for the information and use of the Board of Directors, management, and others within the Organization.

*Danell Monis*

Lake Charles, Louisiana