

# PORT CITY ENTERPRISES, INC.

## Notes to Financial Statements (Cont)

### NOTE C - FEDERAL REVENUES

Port City Enterprises, Inc. has recognized \$ 17,989 to the State of Louisiana for flow through monies from Federal Title XIX for services provided for adult habilitation job training of sever handicapped individuals.

### NOTE D - COMPENSATED ABSENCES

PCE does not accrue absences as a matter of policy, therefore no accrued vacation or sick leave is recognized in these statements.

9565

RECEIVED

JAN 08 1997

LEGISLATIVE AUDITOR

OFFICIAL  
FILE COPY  
DO NOT SEND OUT

(Xerox necessary  
copies from this  
copy and PLACE  
BACK in FILE)

**FINANCIAL REPORT**

**PORT CITY ENTERPRISES, INC.**

**JUNE 30, 1996**

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

Date 4-2-97

**HALL C. OVERALL**  
**CERTIFIED PUBLIC ACCOUNTANT**

**HALL C. OVERALL**  
**CERTIFIED PUBLIC ACCOUNTANT**  
**4521 JAMESTOWN AVENUE, SUITE 7**  
**BATON ROUGE, LOUISIANA 70808**  
**(504) 927-9745**

Board of Directors, Port City Enterprises, Inc.  
P. O. Box 113  
Port Allen, Louisiana 70767

I have audited the accompanying balance sheet of Port City Enterprises, Inc. (a non profit organization) as of the year ended June 30, 1996, and the related statements of activity and changes in capital balances and cash flows for the year then ended. These financial statements are the responsibility of the Association's directors. 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, Government Auditing Standards, issued by the Comptroller General of the United States, provisions of Office of Management and Budget Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Organizations." Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 Port City Enterprises, Inc. as of June 30, 1996 and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

My audit was made for the purposes of forming an opinion on the basic financial statements of Port City Enterprises, Inc. taken as a whole. The accompanying schedule of federal awards is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.



Certified Public Accountant  
November 5, 1996

**HALL C. OVERALL**  
**CERTIFIED PUBLIC ACCOUNTANT**  
**4521 JAMESTOWN AVENUE, SUITE 7**  
**BATON ROUGE, LOUISIANA 70808**  
**(504) 927-9745**

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE IN ACCORDANCE WITH  
GOVERNMENT AUDIT STANDARDS**

Board of Directors  
Port City Enterprises, Inc.  
P. O. Box 113  
Port Allen, Louisiana 70767

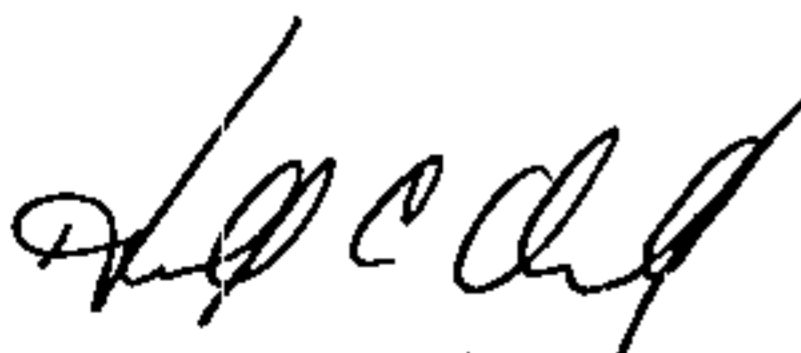
I have audited the financial statements of the Port City Enterprises, Inc. (a nonprofit organization) (PCE) for the year ended June 30, 1996, and have issued my report thereon dated November 5, 1996.

I conducted my audit in accordance with generally accepted auditing standards, 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.

Compliance with laws, regulations, contracts, and grants applicable to PCE is the responsibility of The Directors and Management of PCE. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, I performed test of PCE's compliance with certain provisions of laws, regulations, contracts and grants. However, the objectives of my audit of the financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, I do not express such an opinion.

The results of my test indicate that, with respect to the items tested, PCE complied, in all material respects, with the provisions referred to in the preceding paragraph. With respect to items not tested, nothing came to my attention that caused me to believe that PCE had no complied, in all material respects with those provisions.

This report is intended for the information of the Board of Directors of Port City Enterprises, Inc., management, and the Legislative Auditor. This restriction is not intended to limit the distribution of this report, which is a matter of public record, and its distribution is not limited.



Certified Public Accountant  
November 5, 1996

PORT CITY ENTERPRISES, INC.

BALANCE SHEET  
JUNE 30, 1996

**ASSETS**

**Current Assets:**

Cash	\$ 150,191	
Accounts receivable (Net)	<u>23,784</u>	
Total Current Assets		\$ 173,975

**Fixed Assets:**

Vehicles & Equipment	69,142	
Less: Accumulated Depreciation	<u>(52,977)</u>	
		<u>16,165</u>
Total Assets		\$ <u>190,140</u>

**LIABILITIES AND CAPITAL**

**Current Liabilities:**

Accounts Payable	\$ 0	
Payroll Tax Accruals	<u>30</u>	
Total Current Liabilities		\$ 30

**Capital:**

Capital Balance at June 30, 1996		<u>190,110</u>
Total Liabilities and Capital		\$ <u>190,140</u>

The accompanying notes are an integral part of these financial statements

**PORT CITY ENTERPRISES, INC.**

**STATEMENT OF ACTIVITIES AND CHANGES IN CAPITAL BALANCES  
FOR THE YEAR ENDED JULY 31, 1996**

**Revenues:**

OMR Per Diem Contract	\$ 111,388	
Residential Providers Fees	24,110	
Louisiana Rehabilitation Services	75,905	
Lawn Maintenance Fees	21,485	
Federal Title XIX	17,989	
Donated Building Use	12,000	
St. Vincent DePaul Operations	8,963	
United Way	14,185	
Louisiana Development Disabilities Reimbursements	7,157	
Donations	2,945	
Interest Income	3,470	
Other	150	
Total Revenues	\$ 299,747	

**Expenses:**

Salaries, Regular	161,712	
Salaries, Consumers	23,998	
Payroll Taxes	13,992	
Donated Building Use	12,000	
Transportation	11,311	
Insurance	14,111	
Depreciation	12,229	
Professional Fees	4,820	
Staff Training	1,179	
Supplies	7,621	
Employee Benefits	799	
Office Expenses	4,432	
Maintenance	2,529	
Miscellaneous	884	
Dues and Memberships	175	
Board Meeting Expenses	397	
Total Expenses	272,189	

Net Increase In Capital \$ 27,558

**Change in Capital:**

Balance at June 30, 1995 and 1994		\$ 162,552
Balance at July 31, 1996 and 1995		\$ 190,110

The accompanying notes are an integral part of these financial statements

# PORT CITY ENTERPRISES, INC.

## Notes to Financial Statements

### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Organization

Port City Enterprises, Inc. (PCE) is a non profit corporation operated for the purpose of helping mentally handicapped persons by providing them with the skills needed to maintain employment by providing job training, employment assistance and when necessary, jobs appropriate for those unable to work outside a sheltered environment.

PCE is exempt from Federal Income Taxes under Internal Revenue Code 501(c)(3). Accordingly, no provision for income taxes is recognized in these statements.

#### Revenue and Expense Recognition

PCE recognizes revenues and expenses on the accrual basis. All contributions are considered unrestricted unless specifically restricted by the donor or subject to other restrictions. Amounts expended by PCE that are subject to reimbursement by specific grants are recognized in the period spent and the reimbursement due is recognized as a receivable. Where specific separation of these amounts are required by the provider, they are separated on these financial statements.

#### Donated Services and Materials

The West Baton Rouge Police Jury provides a building for the exclusive use of PCE at no cost to PCE. PCE has estimated that a similar building would cost \$ 1,000 per month to rent. Accordingly, P C E has recognize \$ 12,000 as the revenue item Donation Building Use and the same amount as the expense Donated Building Use. The board of directors do not consider any other donations to be of signifigant use to the the group and has place no value on them.

#### Receivables

Receivables are shown at net due. No allowance made for estimated bad debt as PCE has historicaly collected all receivables in full.

#### Vehicles and Equipment

PCE capitalizes major purchases and equipment and depreciates these assets on a straight line basis over there estimated useful lives, 3 to 5 years for the purpose of these statements. When service contracts are purchased with assets, they are expended as incurred. For the period shown in these statements, the association added \$ 3,144 and disposed of equipment costing \$ 5,460. The total cost basis of the vehicles is \$ 45,591, and equipment is \$ 22,047.

### NOTE B - CONTRACT REVENUES

OMR Per Diem Contract: State of Louisiana, Department of Health and Hospitals; Office of Citizens with Developmental Disabilities, Community Services Regional Office II; This grant is a per diem contract services provided by PCE paid through specific invoices submitted by PCE to the State of Louisiana for the purpose of providing employment support of mentally Retarded citizens.

My consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material as defined above. However, I believe none of the reportable conditions described above is a material weakness.

This report is intended for the information of the Board of Directors of Port City Enterprises, Inc., management, and the Legislative Auditor. This restriction is not intended to limit the distribution of this report, which is a matter of public record.



Certified Public Accountant  
November 5, 1996



1. Cash:

A. Receipts: Cash deposited in bank by Program Director and deposit slip sent to board member who keeps financial records.

B. Disbursements: Prior to any purchase over \$ 250., the Program director receives verbal approval from board member. Prior to issuing a check, the original invoice is presented to director and director issues check. All Checks require dual signatures of two directors.

2. Payroll: The director must approve all time summaries, and sign his own, twice a month and they are submitted to board accountant who issues payroll checks.

3. Revenues: Revenues received by mail are totaled and deposited by Program Director who sends deposit slip to board member who keeps financial records.

4. Expenses: They are categorized at the time of purchase, if purchased for specific program, and segregated from other invoices. The purpose is noted on the invoice and request for reimbursement includes a copy of each invoice on it.

5. Political Activity: Prohibited

6. Civil Rights: Non-discriminatory policy.

7. Services Not Allowed: Prohibited

8. Compliance with LA OMHMRPRADA, Adult Day Cost Reimbursement Document of 1989: All disbursements for reimbursements documented with receipts, reconciled each month with reimbursement request.

9. Drug Free Workplace: Called for.

For all of the internal control structure categories listed above, I obtained an understanding of the design of relevant policies and procedures and determined whether they have been placed in operation, and I assessed control risk.

I noted certain matters involving the internal control structure and its operation that I consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of internal control structure that, in my judgment could adversely effect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements or to administer federal financial assistance programs in accordance with applicable laws and regulations.

A. Due to the small number of qualified employees I noted an absence of appropriate segregation of duties consistent with appropriate control objectives.

B. For the same reason, there was a review of approval of transactions, accounting entries or systems outputs.

A material weakness is a reportable condition in which the design or operation 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.

**HALL C. OVERALL**  
**CERTIFIED PUBLIC ACCOUNTANT**  
**4521 JAMESTOWN AVENUE, SUITE 7**  
**BATON ROUGE, LOUISIANA 70808**  
**(504) 927-9745**

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE IN  
ACCORDANCE WITH GOVERNMENT AUDIT STANDARDS**

Board of Directors  
Port City Enterprises, Inc.  
P. O. Box 113  
Port Allen, Louisiana 70767

I have audited the Port City Enterprises, Inc. (a nonprofit organization) (PCE) as of June 30, 1996, and have issued my report thereon dated November 5, 1996.

I conducted my audit in accordance with generally accepted auditing standards, 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.

In planning and performing my audit of the financial statements of the PCE for the year ended June 30, 1996, I considered the internal control structure in order to determine my auditing procedures for the purpose of expressing an opinion on the financial statements and on its compliance with the requirements applicable to major programs and not to provide assurance on the internal control structure.

The Directors of the Port City Enterprises, Inc. are responsible for the 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, that 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, irregularities, or instances of noncompliance 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.

For the purpose of this report, I have classified the significant internal control structure policies and procedures in the following categories:

PORT CITY ENTERPRISES, INC.

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30 , 1996

**Cash Flows From Operating Activities:**

Cash Obtained in Operations and Donations	\$ 293,561	
Cash (Used) in Operations	(253,908)	
Cash Obtained From Donations	2,945	
Cash Obtained From Interest	3,470	
		46,068

**Cash Flows From Investing Activities:**

Loss from Disposal of Fixed Assets	401	
Cash (Used) in Purchase of Fixed Assets	(3,144)	
		(2,743)

**Net Increase of Cash and Cash Equivalents**

43,325

**Cash and Cash Equivalents at June 30, 1995**

106,866

**Cash and Cash Equivalents at June 30, 1996**

\$ 150,191

**Reconciliation of Net Income to Net Cash**

**Provided by Operating Activities**

Excess of support and revenue over (under) expenses		27,558
---	--	--------

Adjustments to reconcile excess support and revenue over (under) expenses to net cash provided by operating activities:

Depreciation	12,229	
(Increase) Decrease in Receivables	12,930	
(Decrease) Increase in Accounts Payable	(6,205)	
(Decrease) Increase Payroll Accruals	(444)	

Total Adjustments		18,510
-------------------	--	--------

Net Cash Provided by Operating Activities		\$ 46,068
---	--	-----------

The accompanying notes are an integral part of these financial statements