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SOUTHERN UNIVERSITY BUSINESS AND INDUSTRY CLUSTER
BATON ROUGE, LOUISIANA
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 1995

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 ~~OCT 13 1996~~
~~NOV 7 3 1996~~

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SOUTHERN UNIVERSITY BUSINESS AND INDUSTRY CLUSTER
BATON ROUGE, LOUISIANA
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 1995

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INDEPENDENT AUDITOR'S REPORT

Members of the Board of Directors
Southern University Business and Industry Cluster
Baton Rouge, Louisiana

I have audited the accompanying balance sheet of the Business and Industry Cluster of Southern University as of December 31, 1995, and the related statements of public 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 Business and Industry Cluster's management. My responsibility is to express an opinion of these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. 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 provided 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 Business and Industry Cluster of Southern University as of December 31, 1995, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

Respectfully submitted,



Bonnie S. Jackson, CPA
September 20, 1996

SOUTHERN UNIVERSITY BUSINESS AND INDUSTRY CLUSTER
BALANCE SHEET
DECEMBER 31, 1995

ASSETS	<u>CURRENT FUNDS</u>		<u>EQUIPMENT</u>	<u>TOTALS</u>
	<u>UNRESTRICTED</u>	<u>RESTRICTED</u>		
Cash	\$35,633	\$26,809	--	\$62,442
Furniture & Equipment	--	--	\$ 229	229
TOTAL ASSETS	<u>35,633</u>	<u>26,809</u>	<u>229</u>	<u>62,671</u>
FUND BALANCES				
Fund Balances	35,633	26,809	229	62,671
TOTAL FUND BALANCES	<u>35,633</u>	<u>26,809</u>	<u>229</u>	<u>62,671</u>

The accompanying notes are an integral part of this statement.

SOUTHERN UNIVERSITY BUSINESS AND INDUSTRY CLUSTER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1995

NOTE 6: BOARD OF DIRECTORS' COMPENSATION

The Board of Directors is a voluntary board; therefore, no compensation has been paid to any member.

NOTE 7: FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of support and revenue, expenses, capital additions, and changes in fund balances. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

SOUTHERN UNIVERSITY BUSINESS AND INDUSTRY CLUSTER
CURRENT YEARS FINDINGS
DECEMBER 31, 1995

REPORTABLE CONDITION: My testing of ten cash disbursements indicated below, I identified two unsupported charges.

Population		Sample		Findings	
<u>Size</u>	<u>Value</u>	<u>Size</u>	<u>Value</u>	<u>Size</u>	<u>Value</u>
125	\$32,267	8	\$1,524	2	\$190

CAUSE: The organization's filing did not maintain original documents in a sequential order.

EFFECT: There is no material effect to these financial statements.

RECOMMENDATION: I recommend that management establishes a filing system to maintain documentation for each disbursement and cross-reference check numbers to related documents.

MANAGEMENT RESPONSE: The Director will establish a filing system to make sure that all reports and documents are filed in a sequential order and are easy to locate.

SOUTHERN UNIVERSITY BUSINESS AND INDUSTRY CLUSTER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1995

NOTE 2: CASH

The carrying values of the cash accounts are as follows as of December 31, 1995.

	<u>BOOK VALUE</u>	<u>BANK BALANCE</u>	<u>FDIC INSURED</u>
Checking	\$14,435	\$14,609	\$14,609
Savings	48,007	48,007	48,007
Total	<u>\$62,442</u>	<u>\$62,616</u>	<u>\$62,616</u>

NOTE 3: FIXED ASSETS

A summary of fixed asset as of December 31, 1995, follows

	<u>COST</u>	<u>ACCUMULATED DEPRECIATION</u>	<u>BOOK VALUE</u>
Equipment	<u>\$ 574</u>	<u>\$ 345</u>	<u>\$ 229</u>

NOTE 4: DONATED ASSETS AND SERVICES

The Business and Industry Cluster received in-kind Donations which have not been recorded in the financial statements because documentation was not available to permit them to be objectively valued. Also, no amounts have been reflected in the statements for donated services since there is no objective basis available to measure the value of such service; however, a substantial number of volunteers have donated significant amounts of their time in Southern University Business and Industry Cluster programs.

NOTE 5: LITIGATION AND CLAIMS

At December 31, 1995, Southern University Business and Industry Cluster is not involved in litigation nor is it aware of any possible unasserted claims.

SOUTHERN UNIVERSITY BUSINESS AND INDUSTRY CLUSTER
CURRENT YEARS FINDINGS
DECEMBER 31, 1995

REPORTABLE CONDITION: Payments were made to individuals under the assumption that they were contract workers. Based on my analysis of this area, there was no written agreement describing the terms of the arrangements or statements documenting work performed. Also, these individuals were not issued Form 1099 to report income.

CAUSE: Management was not aware of the type of documentation and reporting required for workers.

EFFECT: There is no material effect to these financial statements. However, the Internal Revenue Service, require Form 1099 to be given to contract workers earning more than \$600 per year.

RECOMMENDATION: I recommend that the organization obtain written contracts for all contract employees and documentation of work performed. Also the organization should issue 1099 Forms to report earnings.

MANAGEMENT RESPONSE: Management states that they will establish procedures to properly document and report contract employees pay.

REPORTABLE CONDITION: The organization does not maintain written documentation for donation of materials, facilities and services. Therefore, no amounts have been recorded in these financial statements for the value of any in-kind donations since detailed records were not kept to allow their value to be objectively and clearly determined.

CAUSE: Management did not realize the importance of maintaining records for donated items.

EFFECT: The university, agencies and volunteers contribute materials, facilities and services that help the organization defray management and general costs. The materiality effect of the omission could not be determined.

RECOMMENDATION: Written documentation should be maintained for donations of materials, facilities and services. It is important to have documentation that is clear and objective in order to allow these amounts to be recorded in the financial statements.

MANAGEMENT RESPONSE: Management states that they will establish procedures to maintain adequate documentation.

SOUTHERN UNIVERSITY BUSINESS AND INDUSTRY CLUSTER
CURRENT YEARS FINDINGS
DECEMBER 31, 1995

REPORTABLE CONDITION: Financial statements, journals and ledgers for all accounts were not maintained in a complete manner. Supporting schedules and subsidiary ledgers should be maintained for significant general ledger accounts, including cash, accounts receivable, payroll and related liabilities and fund balances. The schedules should be prepared and reconciled on a monthly basis.

CAUSE: The organization does not have an accountant on staff to prepare the necessary statements and journals.

EFFECT: There is no material effect to these financial statements.

RECOMMENDATION: I recommend that the organization engage an accountant to prepare financial statements and supporting ledgers and journals.

MANAGEMENT RESPONSE: The Director states they will make changes to assure complete preparation of financial statements.

REPORTABLE CONDITION: Numerous cancelled checks and bank statements were missing. The bank was notified and copies of the checks and bank statements were obtained.

CAUSE: Management does not know why the checks were missing.

EFFECT: The checks were incorporated into these financial statements. All checks had dual signatures as required.

RECOMMENDATION: I recommend that the organization retain copies of all cancelled checks and bank statements.

MANAGEMENT RESPONSE: The Director has implemented procedures to retain all records.

SOUTHERN UNIVERSITY BUSINESS AND INDUSTRY CLUSTER
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 1995

	<u>PROGRAM SERVICES</u>	<u>MANAGEMENT & GENERAL</u>	<u>TOTAL</u>
Projects	2,991	--	2,991
Meeting Expenses	10,549	--	10,549
Supplies	6,782	1,695	8,477
Student Support	3,657	--	3,657
Workshops & Training	--	3,812	3,812
Proposals	2,249	--	2,249
Professional Services	--	325	325
TOTAL EXPENSES BEFORE DEPRECIATION	<u>26,228</u>	<u>5,832</u>	<u>32,060</u>
Depreciation expense	--	115	115
TOTAL EXPENSES	<u>\$26,228</u>	<u>\$ 5,947</u>	<u>\$32,175</u>

The accompanying notes are an integral part of this statement.

SOUTHERN UNIVERSITY BUSINESS AND INDUSTRY CLUSTER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1995

B. BASIS OF FINANCIAL STATEMENTS

Equipment Fund:

Equipment Fund - consists of the fixed assets of Southern University Business and Industry Cluster and amounts donated to assist with the acquisition, construction or renovation of fixed assets.

C. REVENUE RECOGNITION

All public support and revenue are considered to be available for unrestricted use unless specifically restricted by the donor. At its discretion, the Board of Directors may designate funds for specific purposes. Such Board-designated funds are segregated in the current unrestricted fund balance.

D. COMPENSATED ABSENCES

Southern University Business and Industry Cluster's board has not elected to grant leave pay to employees.

E. PROPERTY AND EQUIPMENT

Property has been recorded at cost, if purchased, or fair market value, if donated. Expenditures for property costing in excess of \$75 or that materially increase the estimated useful life of assets are capitalized. Maintenance and repairs are charged to expense as incurred. Gains or losses on disposition of property are recognized in the land, building and equipment fund. Proceeds from the disposition of property are transferred to the current unrestricted fund unless restricted by the donor of the property.

F. DEPRECIATION

Depreciation is provided on the straight-line method over estimated useful lives of 5 to 10 years for equipment.

SOUTHERN UNIVERSITY BUSINESS AND INDUSTRY CLUSTER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1995

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. ORGANIZATION

The Southern University Business and Industry Cluster's mission is to assist and support the University to educate and prepare students to become productive and successful individuals in the workforce and society. In addition, the Southern University Business and Industry Cluster is a dynamic volunteer organization whose forum-like structure encourages active dialogue and serve as change agents on issues of mutual concern and benefit, and whose programs support the academic and professional development of Southern University students. The objectives are to enable business and industry representatives to work with college officials to strengthen academic programs, obtain financial and equipment support, assist students with career planning and placement, and assist the University in identifying and meeting its needs.

B. BASIS OF FINANCIAL STATEMENTS

The accompanying financial statements have been prepared on the basis of fund accounting as described by the American Institute of Certified Public Accountants in its industry audit guide, Audit of Voluntary Health and Welfare-Organizations. The funds consist of the following:

Current Funds:

Unrestricted Fund - consists of assets (except land, buildings, and equipment) and public support and revenue available and used for current operations and expenditures for current programs, and amounts designated by the Board of Directors for long term investments, equipment replacement, or other specific purposes.

Restricted Fund - consists of assets available to meet current expenses, but only in compliance with restrictions specified by donors.

SOUTHERN UNIVERSITY BUSINESS AND INDUSTRY CLUSTER
STATEMENT OF ACTIVITY
AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 1995

	<u>CURRENT FUNDS</u>			
	<u>UNRESTRICTED</u>	<u>RESTRICTED</u>	<u>EQUIPMENT</u>	<u>TOTALS</u>
PUBLIC SUPPORT:				
Contributions	\$40,276	--	\$ --	\$40,276
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL PUBLIC SUPPORT	<u>40,276</u>	<u>--</u>	<u>--</u>	<u>40,276</u>
REVENUE:				
Interest Income	622	988	--	1,610
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL REVENUE	<u>40,898</u>	<u>988</u>	<u>--</u>	<u>41,886</u>
EXPENSES:				
Program Services	26,228	--	--	26,228
Management & General	5,832	--	115	5,947
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL EXPENSES	<u>32,060</u>	<u>--</u>	<u>115</u>	<u>32,175</u>
EXCESS OF PUBLIC SUPPORT & REVENUE OVER EXPENSES	<u>8,838</u>	<u>988</u>	<u>(115)</u>	<u>9,711</u>
FUND BALANCE, BEGINNING OF YEAR	<u>26,795</u>	<u>25,821</u>	<u>344</u>	<u>59,960</u>
FUND BALANCE, END OF YEAR	<u><u>35,633</u></u>	<u><u>26,809</u></u>	<u><u>229</u></u>	<u><u>62,671</u></u>

The accompanying notes are an integral part of this statement.