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**COMMUNITY OPPORTUNITIES
OF EAST ASCENSION**

FINANCIAL REPORT

JUNE 30, 1998

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 JAN 27 1999

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Community Opportunities of East Ascension
Gonzales, Louisiana

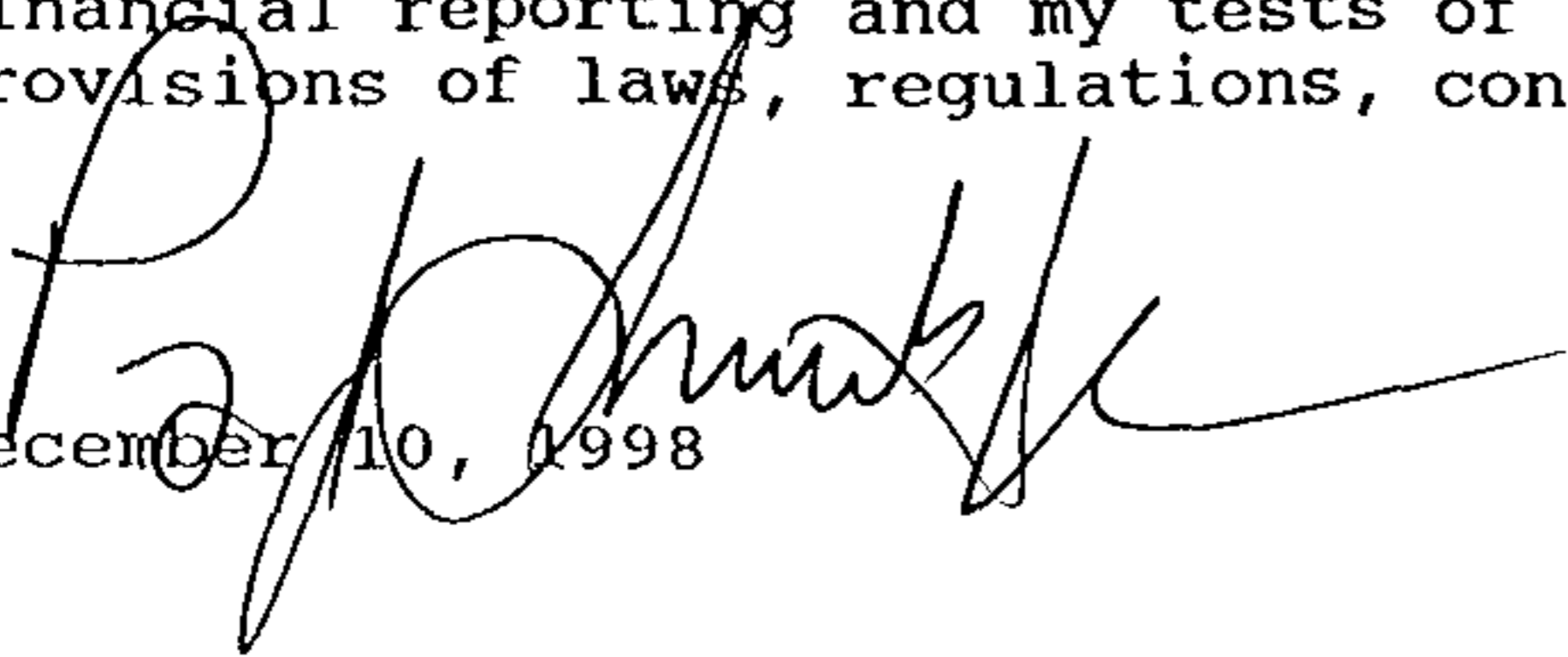
I have audited the accompanying Statement of Financial Position of Community Opportunities of East Ascension (a non-profit corporation) as of June 30, 1998, and the related Statements of Activities, Functional Expenses, and Cash Flows for the year then ended. These financial statements are the responsibility of the Organization'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 Community Opportunities of East Ascension as of June 30, 1998, 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 a report dated December 10, 1998, on my consideration of Community Opportunities of East Ascension internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, controls, and grants.

December 10, 1998



COMMUNITY OPPORTUNITIES OF EAST ASCENSION

STATEMENT OF FINANCIAL POSITION

JUNE 30, 1998

ASSETS

Cash	\$287,072
Accounts receivable	188,778
Prepaid expenses	1,481
Building and equipment, at cost less accumulated depreciation of \$275,814 (Notes 1 and 4)	<u>405,800</u>
TOTAL ASSETS	<u>\$883,131</u>

LIABILITIES

Accounts payable	\$ 20,014
Accrued liabilities	35,589
Bank loans payable (Note 4)	<u>60,401</u>
TOTAL LIABILITIES	<u>116,004</u>

NET ASSETS

Unrestricted	767,127
TOTAL NET ASSETS	<u>767,127</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$883,131</u>

See accompanying notes

COMMUNITY OPPORTUNITIES OF EAST ASCENSION

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 1998

UNRESTRICTED NET ASSETS

Support

Contract fees and grants from governmental agencies	\$1,720,959
Fees from work programs	125,677
Contributions	28,324
Other revenue	<u>13,857</u>

TOTAL UNRESTRICTED SUPPORT \$1,888,817

Expenses

Program services	
Adult day training	425,926
Adult and child support for independent living	1,396,063
Supporting services	
Management and general	<u>42,224</u>

TOTAL EXPENSES 1,864,213

INCREASE IN
UNRESTRICTED NET ASSETS 24,604

NET ASSETS AT BEGINNING OF YEAR 742,523

NET ASSETS AT END OF YEAR \$ 767,127

See accompanying notes.

COMMUNITY OPPORTUNITIES OF EAST ASCENSION

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 1998

	<u>Program Services</u>			<u>Supporting Services</u>	<u>Total Expenses</u>
	<u>Adult Day Training</u>	<u>Adult and Child Support for Independent Living</u>	<u>Total</u>	<u>Management and General</u>	
Salaries and payroll taxes	\$316,094	\$1,168,155	\$1,484,249	\$ 1,712	\$1,485,961
Professional fees and contract services	19,973	52,300	72,273	342	72,615
Office supplies	3,125	7,360	10,485	2,957	13,442
Telephone	3,271	12,358	15,629	179	15,808
Occupancy	1,435	12,385	13,820	-	13,820
Transportation	19,502	17,415	36,917	203	37,120
Repair - building and equipment	4,860	6,085	10,945	945	11,890
Training supplies	11,716	42,197	53,913	5,012	58,925
Conferences, conventions, and meetings	3,911	767	4,678	17,139	21,817
Individual subsidy	-	6,312	6,312	-	6,312
Interest	-	-	-	5,218	5,218
Insurance	11,833	42,286	54,119	2,279	56,398
Other	<u>2,176</u>	<u>697</u>	<u>2,873</u>	<u>5,941</u>	<u>8,814</u>
TOTAL EXPENSES BEFORE DEPRECIATION	397,896	1,368,317	1,766,213	41,927	1,808,140
Depreciation of building and equipment	<u>28,030</u>	<u>27,746</u>	<u>55,776</u>	<u>297</u>	<u>56,073</u>
TOTAL EXPENSES	<u>\$425,926</u>	<u>\$1,396,063</u>	<u>1,821,989</u>	<u>\$42,224</u>	<u>\$1,864,213</u>

See accompanying notes.

COMMUNITY OPPORTUNITIES OF EAST ASCENSION

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 1998

CASH FLOWS FROM OPERATING ACTIVITIES

Increase in net assets	\$ 24,604
Adjustments to reconcile increase in net assets to net cash provided by operating activities	
Depreciation	56,073
(Increase) Decrease in operating assets	
Accounts receivable	(20,328)
Prepaid expenses	1,423
Increase (Decrease) in operating liabilities	
Accounts payable	(29,031)
Accrued liabilities	<u>4,897</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	37,638

CASH FLOWS FROM INVESTING ACTIVITIES

Payments for property and equipment	<u>(8,057)</u>
NET CASH USED BY INVESTING ACTIVITIES	(8,057)

CASH FLOWS FROM FINANCING ACTIVITIES

Payments on bank loans	<u>(4,338)</u>
NET CASH USED BY FINANCING ACTIVITIES	<u>(4,338)</u>

NET INCREASE IN CASH
AND CASH EQUIVALENTS 25,243

BEGINNING CASH AND CASH EQUIVALENTS 261,829

ENDING CASH
AND CASH EQUIVALENTS \$287,072

SUPPLEMENTAL DISCLOSURES:

Interest paid \$5,218

See accompanying notes.

COMMUNITY OPPORTUNITIES OF EAST ASCENSION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 1998

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Note 1. Significant Accounting Policies

General

Community Opportunities of East Ascension (the Organization), is a nonprofit corporation that is exempt from federal income tax pursuant to Section 501(c)(3) of the Internal Revenue Code.

The financial statements include all accounts of the Organization and have been prepared on the accrual basis of accounting. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions are recorded as received, therefore, no reserve for uncollectible accounts has been established.

The Organization provides support services and training to individuals with mental retardation and developmental disabilities that live in East Ascension Parish, Louisiana.

Buildings, Equipment, and Depreciation

Building and equipment is stated at cost, or, if donated, at the approximate fair market value at the date of donation. The Organization follows the policy of capitalizing all expenditures for land, buildings, and equipment in excess of \$500. Depreciation of buildings and equipment is provided on a straight-line basis over the estimated useful life of the assets. At June 30, 1998, the estimated useful lives and costs of such assets were as follows:

	<u>Life</u>	<u>Costs</u>
Building	40 years	\$408,283
Automobiles and trucks	3-5 years	161,220
Equipment	3-10 years	<u>112,111</u>
		681,614
Less Accumulated Depreciation		<u>275,814</u>
	TOTAL	<u>\$405,800</u>

COMMUNITY OPPORTUNITIES OF EAST ASCENSION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 1998

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Note 1. Significant Accounting Policies (continued)

Donated Materials and Services

Donated material and equipment valued in excess of \$500 are reflected as contributions in the accompanying statements at their estimated values at date of receipt. Donated services are only recorded when the value of the services are utilized as matching funds for grant requirements. The value of these services are determined by the amounts paid to employees of the Organization or outside paid consultants for similar services.

Description of Programs

Adult Day Training - Training is provided by the staff to individuals with mental retardation and developmental disabilities over the age of 22 years. Basic work skills and attitudes, such as job responsibility, safety, attendance, and punctuality to secure and maintain a job in the marketplace are taught.

Adult and Child Support for Independent Living - The staff provides services such as personal care attendant, respite care, and skills training to individuals with developmental disabilities from birth to death so they, as well as their families, may achieve their fullest potential in life. This program is individually tailored to provide the supports necessary for each individual to live as independently as possible.

COMMUNITY OPPORTUNITIES OF EAST ASCENSION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 1998

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Note 1. Significant Accounting Policies (continued)

Financial Instruments and Credit Risk

Financial instruments which potentially subject the Organization to concentrations of credit risk consist of cash and accounts receivable. The Organization's cash is deposited with high credit quality financial institutions for short periods of time and is subject to minimal risk. Accounts receivable result primarily from services provided for state and government agencies. The Organization has maintained bank deposits throughout the year that exceeded FDIC coverage. The bank has pledged securities to cover balances greater than the FDIC insurance. Historically, the Organization has not incurred any significant credit related losses.

Cash and Cash Equivalents

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

Use of 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.

COMMUNITY OPPORTUNITIES OF EAST ASCENSION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 1998

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Note 2. Support form Governmental Agencies

The Organization receives substantially all of its revenue from contracts with federal and state governmental agencies, primarily Medicaid and the Department of Health and Hospitals, State of Louisiana. A significant reduction in contractual services or change in participant eligibility, if this were to occur, would have a significant effect on the Organization's programs and activities. In excess of 90% of the Organization's account receivables are from governmental agencies.

Note 3. Long Term Lease

The land that the Organization's building is located on is leased from a governmental unit. The lease period is ninety-nine (99) years commencing on March 1, 1982 and ending of February 28, 2081. The yearly lease for the property is one dollar (\$1.00) per year.

Note 4. Bank Loans Payable

Bank loans payable consist of the following;

Bank note payable due December 12, 1998
secured by a mortgage on the Organization's
building bearing interest at 8.5% with
monthly payments of \$864. \$ 60,401

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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

December 10, 1998

To the Board of Directors
Community Opportunities of East Ascension

I have audited the financial statements of Community Opportunities of East Ascension (a nonprofit corporation) as of and for the year ended June 30, 1998, and have issued my report thereon dated December 10, 1998. 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.

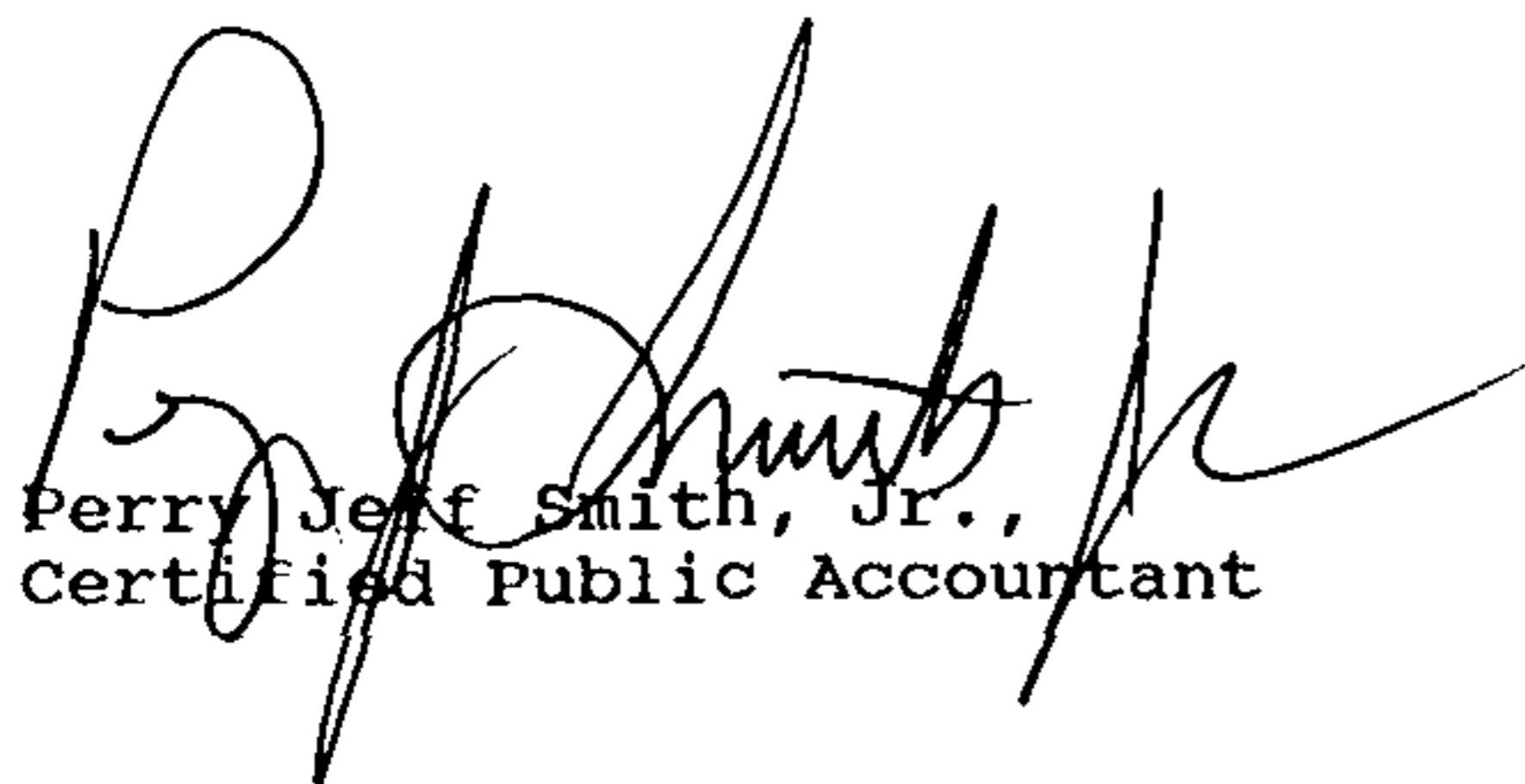
Compliance

As part of obtaining reasonable assurance about whether Community Opportunities of East Ascension 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 test 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 Community Opportunities of East Ascension Organization'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 structure and its operation that I consider to be material weaknesses. However, I noted other matters involving the internal control over financial reporting, which I have reported to management of Community Opportunities of East Ascension in a separate letter dated December 10, 1998.

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.



Perry Jeff Smith, Jr.,
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December 10, 1998

To the Board of Directors
Community Opportunities of East Ascension
1122 S. East Ascension Complex Boulevard
Gonzales, Louisiana 70737

In planning and performing my audit of the financial statements of Community Opportunities of East Ascension, the Organization, for the year ended June 30, 1998, I considered the Organization's internal control over financial reporting to plan 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.

However, during my audit, I noted certain matters involving the internal control over financial reporting and other operational matters that are presented for your consideration. I previously reported on the Organization's internal control over financial reporting in my report dated December 10, 1998. This letter does not affect my report dated December 10, 1998, on the financial statements of the Organization. My comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal control over financial reporting or result in other operating efficiencies. I 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. My comments are summarized as follows:

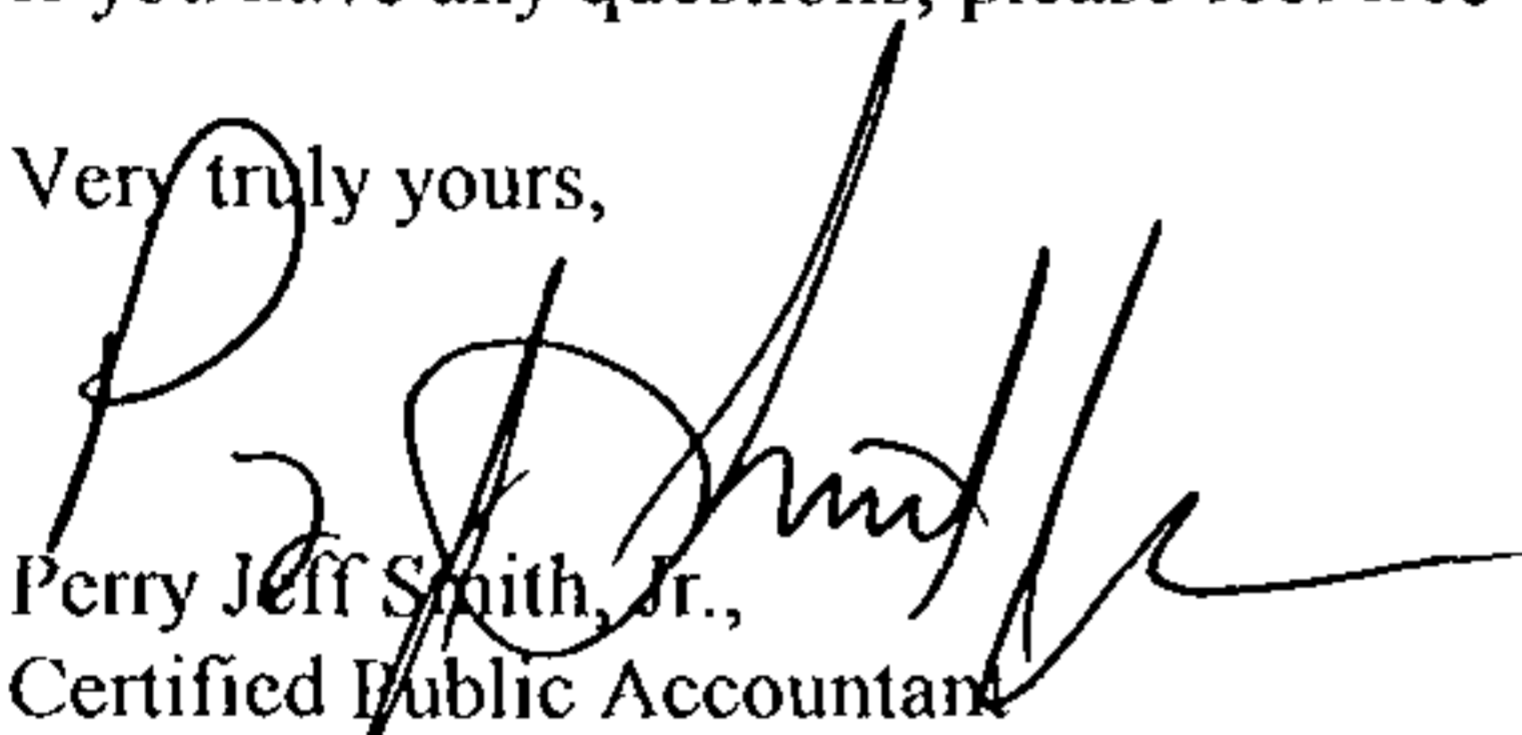
- 1) There were twenty-seven adjustments made to the books. Many of these adjustments were clearly immaterial and were made to assist the Organization in "cleaning up" the books. However, this large number of adjustments is an indicator that more attention needs to be paid to the account balance on a monthly basis. I believe that a major cause of this problem was due to a turnover in accounting personnel. I highly recommend that the Organization take the necessary steps to hire a competent accountant with pay and benefits that will retain them.

- 2) The Organization maintains a large cash balance. I recommend that consideration be given to retiring all debt and placing a larger portion of the cash in qualified investment vehicles to earn a higher rate of return.
- 3) The Organization should take immediate steps to ensure that all internal computer and mechanical systems are year 2000 compliant. In addition, external support services such as the Rock-Hopper billing systems should also be reviewed for compliance.

I would like to take this opportunity to thank your staff for outstanding assistance during this audit.

If you have any questions, please feel free to contact me.

Very truly yours,



Perry Jeff Smith, Jr.,
Certified Public Accountant

PJSJR:rcg

Community Opportunities of East Ascension

1122 S. EAST ASCENSION COMPLEX BLVD. • GONZALES • LA 70737
PH: 225-621-2000

December 22, 1998

Daniel G. Kyle, CPA CPE
Legislative Audit Advisory Council
Post Office Box 44272, Capital Station
Baton Rouge, La. 70804-4272

Dear Sir,

The following is a response to the concerns stated in our audit report for the year ending June 30, 1998.

Internal Control or Compliance Report:

1. We continue to try to reduce turnover and I feel that we have been successful in most departments. We continue our search for a competent accountant that our budget can accommodate. As you noted we have lost the last two to industry that can offer more financially.
2. This recommendation will again be presented to the Board of Directors. They want to insure that ample funds remain available to cover any interruption in payments from our funding sources. This has become more rare in the last few years but it is always a possibility as our state and federal agencies experience changes to their procedures.
3. The Agency has consulted with our Computer providers and all necessary steps will be taken to insure we are Y2K compliant.

If you have further questions , please feel free to contact me.

Sincerely,



Judy Robertson