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YOUNG WOMEN'S CHRISTIAN ASSOCIATION

OF NORTHWEST LOUISIANA, INC.

SHREVEPORT, LOUISIANA

DECEMBER 31, 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.

Release Date ~~JUN 03 1998~~

YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF NORTHWEST LOUISIANA, INC.

SHREVEPORT, LOUISIANA

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AUDITED FINANCIAL STATEMENTS

May 27, 1998

The Board of Directors  
Young Women's Christian Association of  
Northwest Louisiana, Inc.  
Shreveport, Louisiana

Independent Auditor's Report

We have audited the statement of financial position of the Young Women's Christian Association of Northwest Louisiana, Inc. (YWCA) at December 31, 1996, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Young Women's Christian Association of Northwest Louisiana, Inc.'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 Young Women's Christian Association of Northwest Louisiana, Inc. at December 31, 1996, and the results of its operations and its cash flows 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 May 27, 1998 on our consideration of the Association's internal control structure and a report dated May 27, 1998 on its compliance with laws and regulations.

*Heard, McElroy & Vestal, LLP*

YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF NORTHWEST LOUISIANA, INC.

STATEMENT OF FINANCIAL POSITION

AT DECEMBER 31, 1996

A S S E T S

Current assets:

Cash on hand	324
Cash in bank	313
Investment cash-Merrill Lynch	<u>88,356</u>
Total cash and cash equivalents	88,993
Pledges receivable-capital campaign-current portion-Note 5	108,488
Grants receivable-Note 4	148,094
Other receivables-Note 4	39,822
Prepaid expenses	<u>8,972</u>
Total current assets	<u>394,369</u>

Fixed assets:

Travis Street	1,261,230
Pierre Avenue	896,886
Furniture, fixtures and equipment	282,273
Camp Margaret	32,684
Cotton Street	198,992
Work in progress-HVAC system	<u>195,283</u>
Total fixed assets	2,867,348
<u>Less-accumulated depreciation</u>	<u>1,699,213</u>
Net fixed assets	<u>1,168,135</u>

Other assets

Pledges receivable-capital campaign-noncurrent portion-Note 5	290,197
Other	<u>1,926</u>

Total assets 1,875,627

The accompanying notes to financial statements are an integral part of such statements.

LIABILITIES AND NET ASSETS

Current liabilities:

Bank overdraft	30,114
Accounts payable	59,279
Leases payable	2,499
Other current liabilities	49,310
Advances and overpayments on grants	17,004
Notes payable, current maturities-Note 6	<u>24,861</u>
Total current liabilities	183,067

Net assets:

Unrestricted	1,169,618
Temporarily restricted	<u>501,942</u>
Total net assets	<u>1,671,560</u>

Total liabilities and net assets 1,854,627

YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF NORTHWEST LOUISIANA, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 1996

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>Support and revenue:</u>			
Contributions	66,991	42,315	109,306
Contribution of Cotton Street property	192,000	-	192,000
Contributions to capital campaign	-	682,494	682,494
Fundraising	22,790	-	22,790
United Way	209,532	-	209,532
Governmental grants	511,838	10,000	521,838
Membership and associate fees	4,961	-	4,961
Program service fees	74,615	-	74,615
Sales to public	5,752	-	5,752
Investment	5,788	-	5,788
Miscellaneous	<u>2,693</u>	<u>-</u>	<u>2,693</u>
Total support and revenue	1,096,960	734,809	1,831,769
<u>Net assets released from restrictions</u>	341,175	(341,175)	-
<u>Expenses</u>			
Community programming	59,725	-	59,725
Health and education services	256,270	-	256,270
Women's crisis services	456,162	-	456,162
Children and youth services	116,277	-	116,277
Administrative	253,736	-	253,736
Fundraising	<u>83,020</u>	<u>-</u>	<u>83,020</u>
Total expenses	<u>1,225,190</u>	<u>-</u>	<u>1,225,190</u>
<u>Change in net assets</u>	212,945	393,634	606,579
<u>Net assets, beginning of year</u>	<u>956,673</u>	<u>108,308</u>	<u>1,064,981</u>
<u>Net assets, end of year</u>	<u>1,169,618</u>	<u>501,942</u>	<u>1,671,560</u>

The accompanying notes to financial statements are an integral part of such statements.

YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF NORTHWEST LOUISIANA, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 1996

	<u>Community Programming</u>	<u>Health and Education Services</u>	<u>Women's Crisis Services</u>
Salaries	20,460	168,880	275,355
Employee benefits-Note 3	1,781	8,846	6,901
Payroll taxes and insurance	1,666	14,095	24,326
Professional services	200	11,268	40,332
Supplies	3,060	4,672	8,541
Telephone	1	3,083	11,271
Postage	115	304	686
Occupancy	7,888	22,614	38,958
Equipment	240	453	2,760
Printing and publications	3,199	2,081	2,088
Travel and employee expenses	216	4,914	4,887
Conferences	8,100	340	552
Specific assistance	-	-	9,594
Dues	-	125	600
Interest	-	-	242
Insurance	-	818	-
Miscellaneous	26	-	5,454
Depreciation	12,773	13,777	23,615
National support	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>59,725</u>	<u>256,270</u>	<u>456,162</u>

The accompanying notes to financial statements are an integral part of such statements.



<u>Children and Youth Services</u>	<u>Administrative</u>	<u>Fundraising</u>	<u>Total</u>
67,312	104,171	6,609	642,787
2,317	6,667	301	26,813
5,379	14,134	534	60,134
5,484	16,570	67,850	141,704
9,495	14,695	990	41,453
1,232	9,165	-	24,752
85	3,254	1,214	5,658
12,355	24,394	-	106,209
-	12,023	-	15,476
153	1,936	5,009	14,466
1,373	3,051	14	14,455
140	1,243	-	10,375
398	-	-	9,992
-	394	-	1,119
-	2,170	-	2,412
500	25,847	-	27,165
11	199	499	6,189
10,043	8,614	-	68,822
<u>-</u>	<u>5,209</u>	<u>-</u>	<u>5,209</u>
<u>116,277</u>	<u>253,736</u>	<u>83,020</u>	<u>1,225,190</u>

YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF NORTHWEST LOUISIANA, INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 1996

<u>Cash flows from operating activities</u>	
Change in net assets	606,579
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation expense	68,822
Contribution of Cotton Street Property	(192,000)
(Increase) in pledges receivable-capital campaign	(398,685)
Decrease in other receivables	(910)
(Increase) in grant receivable	(26,318)
(Increase) in other assets	(379)
Decrease in prepaid expenses	1,234
Increase in accounts payable	22,596
Increase in other current liabilities	<u>12,597</u>
Total adjustments	<u>(513,043)</u>
Net cash provided by operating activities	93,536
<u>Cash flows from investing activities:</u>	
Purchases of fixed assets	<u>(205,392)</u>
Net cash (used) by investing activities	<u>(205,392)</u>
<u>Cash flows from financing activities:</u>	
Bank overdraft	30,114
Borrowings on note payable	20,000
Repayments on note payable	<u>(3,239)</u>
Net cash provided by financing activities	<u>46,875</u>
<u>Net (decrease) in cash and cash equivalents</u>	(64,981)
<u>Cash and cash equivalents beginning of year</u>	<u>153,337</u>
<u>Cash and cash equivalents end of year</u>	<u>88,356</u>
<u>Interest paid</u>	<u>2,170</u>

The accompanying notes to financial statements are an integral part of such statements.

YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF NORTHWEST LOUISIANA, INC.

NOTES TO FINANCIAL STATEMENTS

AT DECEMBER 31, 1996

1. Nature of Operations

The YWCA is a nonprofit organization which provides various services including counseling, education, physical fitness, social opportunities, advocacy, and temporary shelter to women and children of northwest Louisiana. The organization receives significant amounts of income from federal and state government grants, generally under third-party reimbursement plans.

2. Summary of Significant Accounting Policies

a) Financial Statement Presentation:

In 1995, the YWCA adopted Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations." Under SFAS No. 117, the YWCA is required to report information regarding its financial position and activities based on the absence or existence of donor-imposed restrictions. Accordingly, net assets of the YWCA and changes therein are classified and reported as follows, as applicable:

Unrestricted net assets-Net assets that are not subject to donor-imposed stipulations. Some unrestricted net assets may be designated by the Board for specific purposes.

Temporarily restricted net assets-Net assets subject to donor-imposed stipulations that may or will be met by actions of the YWCA, and/or by the passage of time.

Permanently restricted net assets-Net assets subject to donor-imposed stipulations that they be maintained permanently by the YWCA. Generally, donors permit all or part of the income earned on these assets to be used for general or specific purposes.

b) Contributions:

The YWCA also adopted SFAS No. 116, "Accounting for Contributions Received and Contributions Made," in 1995. In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor-imposed restrictions.

c) Promises to Give:

*Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.*

The YWCA uses the allowance method to determine uncollectible unconditional promises receivable, when material. The allowance is based on prior years' experience and management's analysis of specific promises made.

2. Summary of Significant Accounting Policies (Continued)

d) 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.

e) Fixed Assets:

Property and equipment are stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the following estimated useful lives:

<u>Asset</u>	<u>Estimated Life</u>
Furniture, fixtures, and equipment	5-7 years
Buildings and improvements	10-40 years

Donated property and equipment are reported at their estimated fair market value at the date of gift.

f) Cash Equivalents:

For purposes of the statement of cash flows, the YWCA considers all highly liquid investments purchased with maturities of three months or less to be cash equivalents.

g) Advertising Costs:

Costs of advertising are expensed as incurred such costs amounted to approximately \$14 000

3. Retirement Plan

The YWCA participates in a multi-employer, defined benefit retirement plan through the National YWCA. The plan is available to employees who meet length of service requirements. The total amount contributed by the YWCA to the plan in 1996 was \$26,637.

A summary of the National YWCA plan is presented below. Participants should refer to the Plan documents for more complete information.

Each participant is entitled to receive an actuarially determined monthly pension commencing at normal or early retirement. The following information is based upon the actuarial valuation of September 1, 1996. The plan year end is December 31. The assumed rate of return was 5.5%.

Vested benefits:

Participants currently receiving payments	86,277,000
Other participants	<u>99,339,000</u>
	185,616,000
Nonvested benefits	<u>1,387,000</u>
Total actuarial present value of accumulated plan benefits	<u>187,003,000</u>
 Net assets available for pension benefits	 <u>319,818 000</u>

4. Grants and Other Receivables

Grants receivable are summarized by source, as follows:

U.S. Department of Housing and Urban Development	11,861
State of Louisiana	124,398
City of Shreveport	<u>11,835</u>
Total	<u>148,094</u>

4. Grants and Other Receivables (Continued)

Other receivables include promises to give received by the YWCA in the amount of \$35,000. These promises are expected to be collected within one year.

The YWCA also received in 1995 an award through the U.S. Department of Housing and Urban Development for approximately \$310,000. This award, payable over three years, is conditioned upon the Association's establishment of a transitional supportive housing program and upon meeting certain matching requirements. The unexpended portion of this award, approximately \$278,000 at December 31, 1996, represents a conditional promise to the YWCA, and has not been recognized in the financial statements.

5. Pledges Receivable - Capital Campaign

Such pledges result from a campaign to raise funds for a capital improvements to the Association's property, plant, and equipment. The pledges generally are receivable over the next four years, and have been reduced to an amount that management estimates to be collectible. These pledges are subject to restrictions that they be used to pay qualifying capital expenditures

6. Note Payable

Notes payable consist of two notes borrowed from a local bank, with balances as follows:

Unsecured note to Deposit Guaranty Bank, interest at 10.25%, \$326 per month	4,861
Open note to Deposit Guaranty Bank for building equipment renovation, secured by land and building at Travis Street location, interest at 10.25%	<u>20,000</u>
	<u>24,861</u>

**SUPPLEMENTARY INFORMATION**

May 27, 1998

The Board of Directors  
Young Women's Christian Association of  
Northwest Louisiana, Inc.  
Shreveport, Louisiana

Independent Auditor's Report on Supplementary  
Information-Schedule of Federal Awards

We have audited the financial statements of the Young Women's Christian Association of Northwest Louisiana, Inc. as of and for the year ended December 31, 1996, and have issued our report thereon dated May 27, 1998. These financial statements are the responsibility of the Young Women's Christian Association of Northwest Louisiana, Inc.'s management. Our responsibility is to express an opinion on these basic 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 in accordance with these standards includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic 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.

Our audit was made for the purpose of forming an opinion on the basic financial statements of the Young Women's Christian Association of Northwest Louisiana, 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 our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Heard, McElroy & Vestal, LLP*

YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF NORTHWEST LOUISIANA, INC.

SCHEDULE OF FEDERAL AWARDS

FOR THE YEAR ENDED DECEMBER 31, 1996

<u>Federal Grantor/ Pass-Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Revenue</u>	<u>Expenditures</u>
<u>Nonmajor Programs:</u>			
<u>U. S. Department of Labor</u> City of Shreveport, Louisiana: Job Training Partnership Act	17.246-17.250	60,817	60,817
<u>U. S. Department of Health and Human Resources</u> Louisiana Department of Health and Hospitals: AIDS Cooperative Agreement	93.118	87,156	87,156
<u>U. S. Department of Health and Human Resources</u> Louisiana Department of Health and Hospitals: DHH-Preventive Health Block Grant	13.991	6,721	6,721
State of Louisiana Office of Women's Services: Family Violence Program	13.671	25,172	25,172
<u>U. S. Department of Housing and Urban Development</u> City of Shreveport, Louisiana: Emergency Shelter Program	14.231	28,417	28,417
Shreveport SRO, Inc. Supportive Housing Grant	14.235	62,297	62,297
<u>U. S. Department of Justice</u> Louisiana Commission on Law Enforcement and Administration of Criminal Justice: Crime Victim Assistance	16.575	61,226	61,226
Violence Against Women Act	16.588	1,175	1,175
<u>Federal Emergency Management Agency</u> Emergency Food and Shelter National Board Program	N/A	13,446	13,446
<u>U. S. Department of Agriculture</u> Louisiana Department of Education: Child and Adult Care Food Program	10.558	<u>3,583</u>	<u>3,583</u>
Total		<u>350,010</u>	<u>350,010</u>



OTHER REPORTS

May 27, 1998

The Board of Directors  
Young Women's Christian Association of  
Northwest Louisiana, Inc.  
Shreveport, Louisiana

Report on Compliance with Laws and Regulations  
Based on an Audit of Financial Statements Performed  
in Accordance with Government Auditing Standards

We have audited the financial statements of the Young Women's Christian Association of Northwest Louisiana, Inc. as of and for the year ended December 31, 1996, and have issued our report thereon dated May 27, 1998.

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 Young Women's Christian Association of Northwest Louisiana, Inc. is the responsibility of management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Young Women's Christian Association of Northwest Louisiana, Inc.'s 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 noncompliance that are required to be reported under *Government Auditing Standards*.

However, we noted certain immaterial instances of noncompliance, which are described in the accompanying schedule of findings and questioned costs.

This report is intended for the information of the board of directors, management, and the U.S. Departments of Health and Human Services, Housing and Urban Development, Justice, Labor, and the Federal Emergency Management Agency. However, this report is a matter of public record and its distribution is not limited.

*Heard, McElroy & Vestal, LLP*

May 27, 1998

The Board of Directors  
Young Women's Christian Association of  
Northwest Louisiana, Inc.  
Shreveport, Louisiana

Report on Compliance with the General Requirements

We have audited the financial statements of the Young Women's Christian Association of Northwest Louisiana, Inc. as of and for the year ended December 31, 1996, and have issued our report thereon dated May 27, 1998.

We have applied procedures to test the Young Women's Christian Association of Northwest Louisiana, Inc.'s compliance with the following requirements applicable to its federal award programs, which are identified in the accompanying schedule of federal awards, for the year ended December 31, 1996: political activity, civil rights, financial reports, allowable costs and cost principles, and administrative requirements.

Our procedures were limited to the applicable procedures described in the Office of Management and Budget's Compliance Supplement for Audits of Institutions of Higher Learning and Other Non-Profit Institutions. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the Young Women's Christian Association of Northwest Louisiana, Inc.'s compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the second paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that the Young Women's Christian Association of Northwest Louisiana, Inc. has not complied, in all material respects, with those requirements.

This report is intended for the information of the board of directors, management, and the U.S. Departments of Health and Human Services, Housing and Urban Development, Justice, Labor, and the Federal Emergency Management Agency. However, this report is a matter of public record and its distribution is not limited.

*Heard, McElroy & Vestal, LLP*

May 27, 1998

The Board of Directors  
Young Women's Christian Association of  
Northwest Louisiana, Inc.  
Shreveport, Louisiana

Report on Compliance with Specific Requirements Applicable  
to Nonmajor Program Transactions

We have audited the financial statements of the Young Women's Christian Association of Northwest Louisiana, Inc., as of and for the year ended December 31, 1996, and have issued our report thereon dated May 27, 1998.

In connection with our audit of the financial statements of the Young Women's Christian Association of Northwest Louisiana, Inc. and with our consideration of the Young Women's Christian Association of Northwest Louisiana, Inc.'s internal control structure used to administer federal awards, as required by Office of Management and Budget (OMB) Circular A-133, Audits of Institutions of Higher Education and Other Nonprofit Institutions, we selected certain transactions applicable to certain nonmajor federal programs for the year ended December 31, 1996.

As required by OMB Circular A-133, we have performed auditing procedures to test compliance with the requirements governing types of services allowed or unallowed and eligibility that are applicable to those transactions. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the Young Women's Christian Association of Northwest Louisiana, Inc.'s compliance with these requirements. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the Young Women's Christian Association of Northwest Louisiana, Inc. had not complied, in all material respects, with those requirements. However, the results of our procedures disclosed immaterial instances of noncompliance with the requirements, which are described in the accompanying schedule of findings and questioned costs.

This report is intended for the information of the board of directors, management, and the U.S. Departments of Health and Human Services, Housing and Urban Development, Justice, Labor, and the Federal Emergency Management Agency. However, this report is a matter of public record and its distribution is not limited.

*Heard, McElroy & Vestal, LLP*

YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF NORTHWEST LOUISIANA, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED DECEMBER 31, 1996

1. Excessive delays in billing grant reimbursement requests were noted in the following instances:
  - Federal Awards:
    - HIV/AIDS Service contract - two instances when not billed within the required 45 days after end of month.
    - Office of Womens services grant - four instances when not billed within the required 15 days after end of month.
    - Louisiana Commission on Law Enforcement (Sexual Assault Counseling) grant-one instance when not billed within the required 15 days after end of month.
  - State Awards:
    - Office of Women's Services grant - four instances when not billed within the required 15 days after end of month.
2. The December 1996 cost reimbursement billing under the office of Womens Services (Marriage License) grant included a reimbursement request for a personnel cost not actually incurred. This cost amounted to \$792.47, which included requested wages of \$720.00 and related fringes (FICA, unemployment, etc.) of \$72.47.
3. The August 1996 cost reimbursement billing under the U. S. Department of Housing and Urban Development Supportive Housing Program included a reimbursement request for \$6,700.00 in excess of actual costs incurred. This overbilling was caused by a date entry error, and is included in the 1996 financial statements as a liability due HUD.
4. Louisiana Revised Statute 24:513 requires quasi-public organizations to submit audited financial statements to the office of the Legislative Auditor within six months of the end of their fiscal year. The Association was not able to meet this deadline because of significant turnover in its accounting department, including the position of Finance Director.

May 27, 1998

The Board of Directors  
Young Women's Christian Association of  
Northwest Louisiana, Inc.  
Shreveport, Louisiana

Report on the Internal Control Structure in  
Accordance with *Government Auditing Standards*

We have audited the financial statements of the Young Women's Christian Association of Northwest Louisiana, Inc. as of and for the year ended December 31, 1996, and have issued our report thereon dated May 27, 1998.

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 Young Women's Christian Association of Northwest Louisiana, 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 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 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 the Young Women's Christian Association of Northwest Louisiana, Inc. for the year ending December 31, 1996, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an 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.

The Board of Directors  
Young Women's Christian Association of  
Northwest Louisiana, Inc.  
May 27, 1998  
Page 2

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgement, could adversely affect the organization's ability to record, process, summarize, and report financial data *consistent with the assertions of management in the financial statements*. These reportable conditions are described in Exhibit A.

A material weakness is a reportable 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 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.

Our 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 weaknesses as defined above. However, we believe all of the reportable conditions described above are material weaknesses. These conditions were considered in determining the nature, timing, and extent of procedures to be performed in our audit of the financial statements of the Young Women's Christian Association of Northwest Louisiana, Inc. for the year ended December 31, 1996.

This report is intended for the information of the board of directors, management, and the U.S. Departments of Health and Human Services, Housing and Urban Development, Justice, Labor, and the Federal Emergency Management Agency. However, this report is a matter of public record and its distribution is not limited.

*Heard, McElroy & Vestal, LLP*

May 27, 1998

The Board of Directors  
Young Women's Christian Association of  
Northwest Louisiana, Inc.  
Shreveport, Louisiana

Report on the Internal Control Structure  
Used in Administering Federal Awards

We have audited the financial statements of the Young Women's Christian Association of Northwest Louisiana, Inc., as of and for the year ended December 31, 1996, and have issued our report thereon dated May 27, 1998.

We conducted our audit in accordance with generally accepted auditing standards; *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Circular A-133, Audits of Institutions of Higher Education and Other Nonprofit Institutions. 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 of material misstatement.

In planning and performing our audit for the year ended December 31, 1996, we considered the Young Women's Christian Association of Northwest Louisiana, Inc.'s internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the Young Women's Christian Association of Northwest Louisiana, Inc.'s financial statements and to report on the internal control structure in accordance with OMB Circular A-133. This report addresses our consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal award programs. We have addressed policies and procedures relevant to our audit of the financial statements in a separate report dated May 27, 1998.

The management of the Young Women's Christian Association of Northwest Louisiana, 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, 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, and that federal award programs are managed in compliance with applicable laws and regulations. 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



The Board of Directors  
Young Women's Christian Association of  
Northwest Louisiana, Inc.  
May 27, 1998  
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For the purpose of this report, we have classified the significant internal control structure policies and procedures used in administering federal awards in the following categories: general requirements, specific requirements, claims for advances and reimbursements, and amounts used for matching.

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

During the year ended December 31, 1996, the Young Women's Christian Association of Northwest Louisiana, Inc. had no major federal awards programs and expended 60 percent of its total federal awards under the following nonmajor programs: AIDS Cooperative Agreement, Supportive Housing Grant, and Crime Victim Assistance

We performed tests of controls, as required by OMB Circular A-133, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements and amounts claimed or used for matching that are applicable to, the aforementioned nonmajor programs, which are identified in the accompanying Schedule of Federal Awards. Our procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, we do not express such an opinion.

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgement, could adversely affect the organization's ability to administer federal award programs in accordance with applicable laws and regulations. This condition is described in Exhibit A - Grant Reimbursement Requests.

A material weakness is a reportable 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 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.

Our 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 weaknesses as defined above. However, we believe that the condition described above is a material weakness.

The Board of Directors  
Young Women's Christian Association of  
Northwest Louisiana, Inc.  
May 27, 1998  
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This report is intended for the information of the board of directors, management, and the U.S. Departments of Health and Human Services, Housing and Urban Development, Justice, Labor and the Federal Emergency Management Agency. However, this report is a matter of public record and its distribution is not limited.

*Heard, McElroy & Vestal, LLP*

REPORTABLE CONDITIONS

YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF NORTHWEST LOUISIANA, INC.

DECEMBER 31, 1996

Reconciliations

During the course of our engagement, we observed that reconciliations of supporting statements or subsidiary detail to the related general ledger accounts were not being performed on a regular, periodic basis for certain accounts:

- Operating cash
- Money market or mutual accounts held with Merrill-Lynch
- Grant receivables, and related revenue and costs
- Accounts payable
- Capital campaign pledges receivable

In all cases, it was necessary for accounting personnel to research these details and adjust the general ledger well after the close of the year under audit, before significant field work could take place. This condition apparently was the result of inadequately trained accounting staff, and an unqualified finance director who never became fully familiar with the accounting system.

Unrecorded Items

We noted during our audit that certain assets and liabilities had not been given accounting recognition in the general ledger:

- Capital campaign pledges receivable of \$419,685
- Donated real estate of \$192,000
- Note payable to bank of \$20,000

The books were adjusted for these items either as part of the audit process, or during management's preparation of the books for audit.

Grant Reimbursement Requests

Grant reimbursement requests were not always timely prepared, as further detailed in the Schedule of Findings and Questioned Costs. In addition, several instances were noted where there was no indication that reimbursement requests were reviewed by the applicable program director before submission to the grantor.



of Northwest Louisiana

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JUN 01 1998

LEGISLATIVE AUDITOR

RE: The YWCA of Northwest LA, inc. 1996 Audit

To Whom This May Concern:

Regarding the following items shown on the Schedule of Findings and Questioned Costs:

**1. Excessive delays in billing grant reimbursement request.**

All previous accounting staff has resigned. The new accounting director is a Certified Public Accountant and the Board of Directors has approved the hiring of only graduate accountants. They have also approved a new accounting position, designated as a full time Cost Reimbursement Specialist.

The accounting staff has established a time table for all grants which includes due date, date reviewed, date mailed, amount due, and date payment received.

**2. and 3. Errors in cost reimbursement billings.**

The Program Director, Finance Director, and the Executive Director will be reviewing and signing-off on all grant cost reimbursements.

4. The Executive Director and the Finance Director are aware of the Louisiana Revised Statute 24:513 requiring quasi-public organizations to submit an audited financial statement to the office of the Legislative Auditor within six months of the end of the fiscal year.



A United Way Agency

**Regarding Exhibit A - Reportable conditions:**

Reconciliations

The Board of Directors has started a monthly Executive Finance Committee meeting to oversee financial matters. Bank reconciliations and the status of all grant receivables and pledges will be reviewed. Accounts payable will be examined for timely payment.

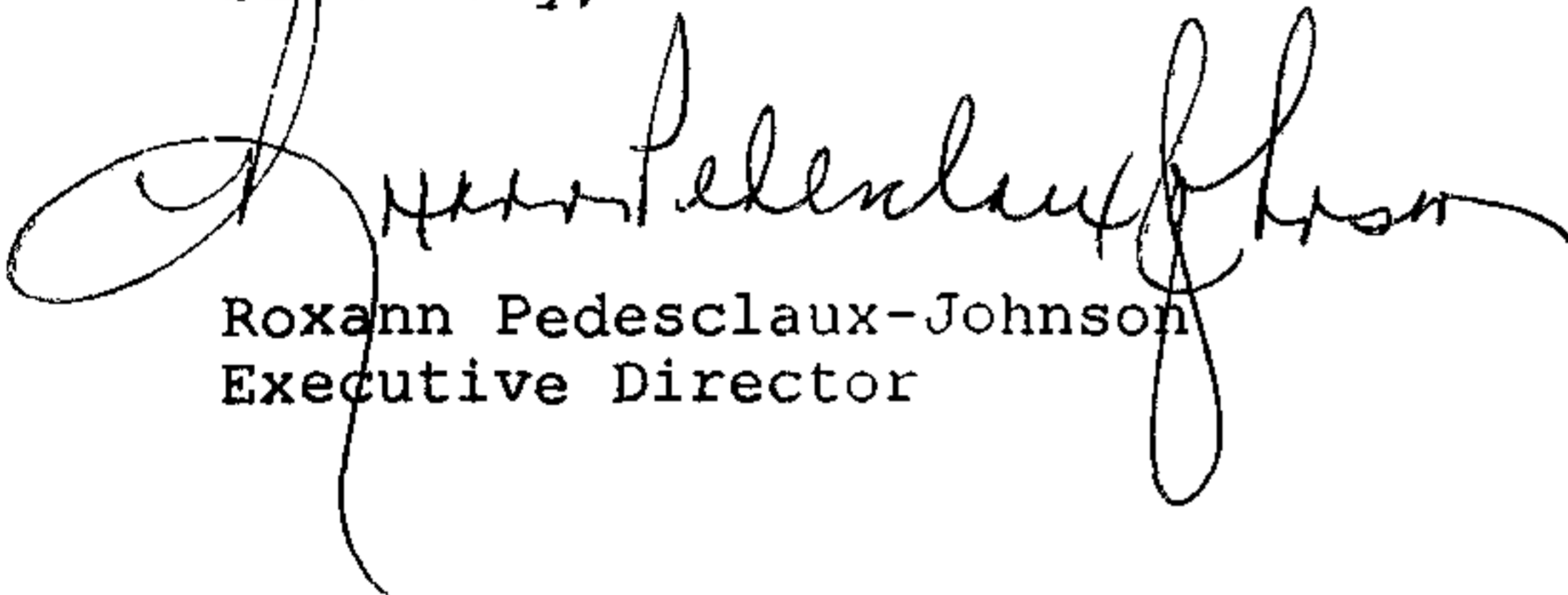
Unrecorded items

The policy to record all financial transactions on a current basis will be enforced through scrutiny by the Executive Finance Committee. The additional accounting personnel discussed above will help alleviate unrecorded items.

Grant Reimbursement Requests

Refer to paragraph 1-4.

Sincerely,



Roxann Pedesclaux-Johnson  
Executive Director