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CARING CONNECTIONS, INC.  
Mosses, Louisiana

FINANCIAL STATEMENTS  
DECEMBER 31, 1936

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the auditor, or reviewed, and by 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.

Original Date... MAY 05 1936

CARING CONNECTIONS, INC.  
Monroe, Louisiana

Financial Statements  
December 31, 1998

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CARING CONNECTIONS, INC.  
Monroe, Louisiana

Financial Statements  
December 31, 1996

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(Continued)

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Ernest L. Allen, CPA  
*Partner*  
*Member*

Tim Green, CPA

George Williamson, CPA

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Caring Connections, Inc.  
Monroe, Louisiana

We have audited the accompanying statement of financial position of Caring Connections, Inc., a non-profit corporation, as of 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 Corporation'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, Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget (OMB) Circular No. A-133, "Audit of Institutions of Higher Education and Other Non-Profit Institutions." These 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 Caring Connections, Inc., as of December 31, 1996, and the changes in its net assets and its cash flows for the year then-ended in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the basic financial statements of Caring Connections, Inc., taken as a whole. The accompanying Schedule of Federal Awards for the year ended December 31, 1996, 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 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.

In accordance with Government Auditing Standards, we have also issued a report dated January 29, 1998, on our consideration of the Corporation's internal control structure and a report dated January 29, 1998, on its compliance with laws and regulations.

ALLEN, GREEN & COMPANY, LLP

Monroe, Louisiana  
January 29, 1998

CARING CONNECTIONS  
Monroe, Louisiana

STATEMENT OF FINANCIAL POSITION  
December 31, 1998

Statement A

|  |                    |
|--|--------------------|
| CURRENT ASSETS   |                    |
| Fifty cash   | \$ 500             |
| Accounts receivable  | <u>81,281</u>      |
|  | \$ 51,781          |
| Furniture and equipment<br>(Net of accumulated depreciation) |                    |
|  | <u>53,189</u>      |
| TOTAL ASSETS   | <u>\$ 104,970</u>  |
| CURRENT LIABILITIES  |                    |
| Banks overdraft  | \$ 82,275          |
| Accounts payable   | <u>47,440</u>      |
|  | \$ 79,715          |
| Loan payable   |                    |
| Assured compensated absences                                 | 104,070            |
|  | <u>13,250</u>      |
| TOTAL LIABILITIES  | <u>\$ 197,984</u>  |
| NET ASSETS   |                    |
| Unrestricted   | \$ <u>(82,984)</u> |
| TOTAL NET ASSETS   | <u>\$ (82,984)</u> |
| TOTAL LIABILITIES AND NET ASSETS                             | <u>\$ 134,980</u>  |

THE NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

CARING CONNECTIONS  
Monroe, Louisiana

STATEMENT OF ACTIVITIES  
For the Year Ended December 31, 2006

Statement 5

UNRESTRICTED

UNRESTRICTED SUPPORT

Support

Grants

\$ 698,271

Other income

12,168

TOTAL UNRESTRICTED SUPPORT

\$ 710,439

EXPENSES

Program services

\$ 377,809

Family preservation

Support services

228,475

Management and general

TOTAL EXPENSES

\$ 606,284

DECREASE IN UNRESTRICTED NET ASSETS

\$ (38,030)

NET ASSETS AT BEGINNING OF YEAR

58,000

NET ASSETS AT END OF YEAR

\$ 19,970

THE NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

**CARING CONNECTIONS**  
Monroe, Louisiana

**STATEMENT OF FUNCTIONAL EXPENSES**  
For the Year Ended December 31, 1998

Statement C

|  | PROGRAM<br>SERVICES    | SUPPORT<br>SERVICES     |                   |
|--|------------------------|-------------------------|-------------------|
|  | FAMILY<br>PRESERVATION | MANAGEMENT<br>& GENERAL | TOTAL             |
| Salaries                                   | \$ 80,770              | \$ 188,720              | \$ 170,490        |
| Payroll taxes                              | 8,237                  | 7,646                   | 12,883            |
| <b>Total salaries and related expenses</b> | <b>\$ 78,127</b>       | <b>\$ 177,366</b>       | <b>\$ 182,473</b> |
| Insurance                                  | 9,238                  | 2,328                   | 11,566            |
| Miscellaneous                              | 0                      | 40,837                  | 40,837            |
| Supplies                                   | 37,211                 | 6,719                   | 43,930            |
| Postage & shipping                         | 880                    | 84                      | 924               |
| Printing & duplication                     | 44                     | 227                     | 271               |
| Professional fees                          | 188,720                | 0                       | 188,720           |
| Rent expense                               | 79                     | 7,728                   | 7,807             |
| Equipment rental                           | 8,088                  | 0                       | 8,154             |
| Repairs & maintenance                      | 25,413                 | 42,395                  | 68,811            |
| Telephone and answering service            | 7,311                  | 4,118                   | 11,429            |
| Travel                                     | 8,183                  | 1,802                   | 18,765            |
| Utilities                                  | 13,258                 | 951                     | 13,439            |
| Bank charges                               | 0                      | 104                     | 104               |
| Depreciation                               | 0                      | 8,734                   | 8,734             |
| <b>TOTAL EXPENSES</b>                      | <b>\$ 377,808</b>      | <b>\$ 238,478</b>       | <b>\$ 616,284</b> |

THE NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

**CARING CONNECTIONS**  
**Bossier, Louisiana**

**STATEMENT OF CASH FLOWS**  
**For the Year Ended December 31, 1995**

**Statement D**

|   |                           |
|---|---------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>  |                           |
| Decrease in net assets  | \$ (35,025)               |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: |                           |
| Depreciation  | 9,134                     |
| (Increase) decrease in operating assets:  |                           |
| Accounts receivable   | (39,021)                  |
| Increase (decrease) in operating liabilities:   |                           |
| Accounts payable  | 45,526                    |
| Wages payable   | (10,302)                  |
| Accrued compensated absences  | 9,148                     |
| Leases payable  | <u>72,580</u>             |
| <b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>  | <b>\$ 47,136</b>          |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>  |                           |
| Payments for property and equipment   | <u>(89,026)</u>           |
| <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>                                 | <b>\$ (41,890)</b>        |
| <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>                                       | <u>8,525</u>              |
| <b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>   | <b><u>\$ (33,365)</u></b> |

THE NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.



CARING CONNECTIONS, INC.  
Monroe, Louisiana

Notes to the Financial Statements  
As of and for the Year Ended December 31, 1996

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**CARING CONNECTIONS, INC.**  
**Monroe, Louisiana**

**Notes to the Financial Statements**  
**As of and for the Year Ended December 31, 1996**

**NOTE 1. SIGNIFICANT ACCOUNTING POLICIES**

**A. NATURE OF ACTIVITIES**

Caring Connections, Inc., is a non-profit corporation located in Monroe, Louisiana. Caring Connections, Inc., was founded December 2, 1984, to provide a variety of services to families being afflicted by destructive educational, social and psychological issues. These services are provided in nine parishes in north Louisiana with family case management services being provided in seven of the nine parishes. The remaining two parishes have services provided through a family resource center model. The primary goal of all services provided is to preserve the family structure of high-risk families.

**B. CASH AND CASH EQUIVALENTS**

For purposes of the statements of cash flows, the Corporation considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

**C. 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 these estimates.

**D. FIXED ASSETS**

Purchases of fixed assets and major improvements in excess of \$100 are capitalized at cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's lives are not capitalized. Depreciation is computed on the straight-line method over the asset's estimated useful life. Assets are recorded at historical cost.

**E. INCOME TAXES**

The Corporation is recognized as a non-profit corporation under the laws of the state of Louisiana and under Internal Revenue Code Section 501(c)(3). It is, therefore, exempt from federal and state corporation income taxes and no provisions are made for these taxes in the financial statements.

**F. BUDGET POLICY**

An annual budget is submitted to the Board of Directors for review two months prior to the fiscal year-end of December 31. The budget review, amendments, and approval take place by November 30.

Budgets for various programs are prepared by the Corporation and approved by the grantor of the funds for each respective program.

**CARING CONNECTIONS, INC.**  
Monroe, Louisiana

**Notes to the Financial Statements**  
**As of and for the Year Ended December 31, 1996**

**NOTE 2. ACCOUNTS RECEIVABLE**

The balance of accounts receivable consists of the following:

|                           |                 |
|---------------------------|-----------------|
| Grants receivable         | \$50,761        |
| Receivable from employees | 580             |
|                           | <u>\$51,341</u> |

**NOTE 3. FURNITURE AND EQUIPMENT**

The balance of furniture and equipment consists of the following:

|                               |           |
|-------------------------------|-----------|
| Furniture and equipment       | \$ 52,725 |
| Less accumulated depreciation | ( 5,318)  |
| Net furniture and equipment   | \$ 47,407 |

**NOTE 4. COMPENSATED ABSENCES**

Each employee earns one week of vacation leave after one year of employment. After year two, the employee receives two weeks of vacation leave. Unused vacation time can be carried forward to the next year.

As for sick leave, each employee earns four hours for each 160 hour month worked. Unused sick leave is also carried forward to the next year. Upon termination of employment, unused accumulated sick leave is paid to the employee.

At December 31, 1996, the Corporation has a liability for compensated absences of \$13,810.

**NOTE 5. RELATED PARTY LOANS**

During the year, Caring Connections, Inc. borrowed \$104,883 from Behavioral Medicine, Inc. and Tim Westmoreland, the Executive Director of Caring Connections, Inc. Tim Westmoreland also serves as Behavioral Medicine, Inc.'s President. No interest is being charged on the loans and no payment schedule was drafted. Loan payments of \$44,214 were made to Behavioral Medicine, Inc. and Tim Westmoreland during the year as funds became available. At the end of the year, Caring Connections, Inc. still owed a balance of \$104,179 to Behavioral Medicine, Inc. and Tim Westmoreland.

**NOTE 6. LITIGATION AND CLAIMS**

**Litigation**

The Corporation is not involved in any litigation at December 31, 1996, nor is it aware of any unasserted claims.

**Grant Disallowances**

The Corporation participates in a federally assisted grant program. This program is subject to a compliance audit under the single audit approach. Such an audit could lead to requests for reimbursement by the grantor agency for expenditures disallowed under terms of the grant. Caring Connection, Inc.'s management believes that the amount of disallowances, if any, which may arise from future audits will not be material.

CARING CONNECTIONS, INC.  
Monroe, Louisiana

Schedule of Federal Awards  
Year Ended December 31, 1996

| FEDERAL GRANTOR/<br>PASS-THROUGH GRANTOR/PROGRAM NAME              | Federal<br>CFDA<br>Number | Fiscal<br>Period | Program<br>or Award<br>Amount | Receipts<br>or Revisions<br>Expended |
|--|---------------------------|------------------|-------------------------------|--------------------------------------|
| <u>Department of Health and Human Services</u>                     |                           |                  |                               |                                      |
| Through Louisiana Office of Community Services<br>Title IV-B Grant | 93.656                    | 1996-1998        | <u>\$1,212,445</u>            | <u>\$488,771</u>                     |

**CARING CONNECTIONS, INC.**  
**Monroe, Louisiana**

**Other Reports Required by  
Government Auditing Standards**

The following pages contain reports on internal control structure and compliance with laws and regulations required by Government Auditing Standards issued by the Comptroller General of the United States. The report on internal control structure is based solely on the audit of the financial statements and includes, where appropriate, any reportable conditions and/or material weaknesses. The report on compliance with laws and regulations is, likewise, based solely on the audit of the financial statements and presents, where applicable, compliance matters that would be material to the financial statements.

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INDEPENDENT  
MEMBERSHIP

Tim Green, CPA

Marjo Williams, CPA

## **Independent Auditors' Report on Internal Control Structure Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards**

To the Board of Directors  
Caring Connections, Inc.  
Marron, Louisiana

We have audited the financial statements of Caring Connections, Inc., a non-profit corporation, as of and for the year ended December 31, 1996, and have issued our report thereon dated January 28, 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. These 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 Caring Connections, 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 Caring Connections, Inc., for the year ended 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.

Caring Connections, Inc.  
Monroe, Louisiana

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, which are described in findings #1, #2, #3 and #4 of the accompanying Schedule of Reportable Conditions. 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 judgment, could adversely affect the Corporation's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

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 the risk that errors or irregularities in accounts 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 would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as noted above.

However, we noted certain matters described in findings #1, #2 and #3 in the accompanying Schedule of Reportable Conditions involving the internal control structure and its operation that we consider to be material weaknesses as defined above. These conditions were considered in determining the nature, timing, and extent of the procedures to be performed in our audit of the financial statements of Caring Connections, Inc., for the year ended December 31, 1996.

This report is intended for the information of the Board of Directors, management, and the Legislative Auditor of the state of Louisiana. However, this report is a matter of public record, and its distribution is not limited.

*Allen, Green & Company, LLP*

ALLEN, GREEN & COMPANY, LLP

Monroe, Louisiana  
January 29, 1998

# ALLEN, GREEN & COMPANY, LLP

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a Partner  
Accountant

The Green, CPA

Marge Williams, CPA

## **Independent Auditors' Report on Compliance Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards**

To the Board of Directors  
Caring Connections, Inc.  
Monroe, Louisiana

We have audited the financial statements of Caring Connections, Inc., a non-profit corporation, as of and for the year ended December 31, 1996, and have issued our report thereon dated January 28, 1998.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, which requires 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 Caring Connections, Inc., is the responsibility of Caring Connections, Inc.'s management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of Caring Connections, 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 material instances of noncompliance that are required to be reported under Government Auditing Standards.

This report is intended for the information of the Board of Directors, management, and the Legislative Auditor of the state of Louisiana. However, this report is a matter of public record, and its distribution is not limited.

*Allen, Green & Company, LLP*

ALLEN, GREEN & COMPANY, LLP

Monroe, Louisiana  
January 29, 1998



**CARING CONNECTIONS, INC.**  
**Monroe, Louisiana**

**Other Reports Required by**  
**Office of Management and Budget (OMB) Circular No. A-133**

The following pages contain information on internal control and compliance with laws and regulations required by OMB Circular No. A-133. The report on internal accounting and administrative controls relates to matters that would be significant and/or material to federal assistance programs. The report on compliance with laws and regulations is, likewise, related to tests of compliance with laws and regulations relating to federal financial assistance programs.

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A Professional  
Accountant

Tim Green, CPA

Margie Williamson, CPA

## Independent Auditors' Report on Internal Control Structure Used in Administering Federal Awards

To the Board of Directors  
Caring Connections, Inc.  
Monroe, Louisiana

We have audited the financial statements of Caring Connections, Inc., a non-profit corporation, as of and for the year ended December 31, 1996, and have issued our report thereon dated January 29, 1998. We have also audited the compliance of Caring Connections, Inc., with requirements applicable to major federal award programs and have issued our report thereon dated January 29, 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 No. A-133, "Audit of Institutions of Higher Education and Other Non-Profit Institutions." Those standards and OMB Circular No. A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, and about whether Caring Connections, Inc., complied with laws and regulations, noncompliance with which would be material to a major federal award program.

In planning and performing our audit for the year ended December 31, 1996, we considered Caring Connections, Inc.'s internal control structure in order to determine our auditing procedures for the purpose of expressing our opinions on Caring Connections, Inc.'s financial statements and on its compliance with requirements applicable to major programs and to report on the internal control structure in accordance with OMB Circular No. A-133. This report addresses our consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal programs. We have addressed internal control policies and procedures relevant to our audit of the financial statements in a separate report dated January 29, 1998.

The management of Caring Connections, 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 recorded 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 awards 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

Caring Connections, Inc.  
Monroe, Louisiana

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, we have classified the significant internal control structure policies and procedures used in administering federal programs in the following categories:

|  |  |
|--|--|
| Cash   | Governmental financial assistance programs |
| Revenue and receivables                              | Political activity                         |
| Expenses for goods and services and accounts payable | Civil rights                               |
| Payroll and related liabilities                      | Cash management                            |
|  | Federal financial reports                  |
|  | Allowable cost/loss principles             |
|  | Drug-Free Workplace Act                    |
|  | Administrative requirements                |

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, 1986, Caring Connections, Inc., expended 180% of its total federal awards under the major federal award program.

We performed tests of controls, as required by OMB Circular No. 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 that are applicable to the Corporation's major federal award program. 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 which are described as findings #1, #2, #3 and #4 in the accompanying Schedule of Reportable Conditions. 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 judgment, could adversely affect the Corporation's ability to administer federal award programs in accordance with applicable laws and regulations.

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 the risk that noncompliance with laws and regulations that would be material to a federal award program 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 policies and procedures used in administering federal awards would not necessarily disclose all matters in the internal control structure that might be a reportable condition and, accordingly, would not necessarily disclose all reportable conditions that are considered to be material weaknesses as defined above.

Caring Connections, Inc.  
Monroe, Louisiana

However, we noted certain matters described in findings #1, #2 and #3 in the accompanying Schedule of Reportable Conditions involving the internal control structure and its operation that we consider to be material weaknesses as defined above. These conditions were considered in determining the nature, timing, and extent of the procedures to be performed in our audit of the compliance of Caring Connections, Inc., with requirements applicable to its major federal award programs for the year ended December 31, 1996, and this report does not affect our report thereon dated January 29, 1998.

This report is intended for the information of the Board of Directors, management, and the Legislative Auditor of the state of Louisiana. However, this report is a matter of public record, and its distribution is not limited.

*Allen, Green & Company, L.L.P.*

ALLEN, GREEN & COMPANY, L.L.P.

Monroe, Louisiana  
January 29, 1998

# ALLEN, GREEN & COMPANY, LLP

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## Independent Auditors' Report on Compliance with the General Requirements Applicable to a Federal Award Program

To the Board of Directors  
Caring Connections, Inc.  
Monroe, Louisiana

We have audited the financial statements of Caring Connections, Inc., a non-profit corporation, as of and for the year ended December 31, 1998, and have issued our report thereon dated January 28, 1999.

We have applied procedures to test Caring Connections, Inc.'s compliance with the following requirements applicable to its federal award program, which is identified in the accompanying Schedule of Federal Awards, for the year ended December 31, 1998:

Political activity  
Civil rights  
Cash management  
Federal financial reports

Allowable cost/lost principles  
Drug-Free Workplace Act  
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 Caring Connections, 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 Caring Connections, Inc., had not complied, in all material respects, with these requirements.

This report is intended for the information of the Board of Directors, management, and the Legislative Auditor of the state of Louisiana. However, this report is a matter of public record, and its distribution is not limited.

ALLEN, GREEN & COMPANY, LLP

Monroe, Louisiana  
January 28, 1999

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## Independent Auditor's Report on Compliance With Specific Requirements Applicable to a Major Federal Award Program

To the Board of Directors  
Caring Connections, Inc.  
Monroe, Louisiana

We have audited the financial statements of Caring Connections, Inc., a non-profit corporation, as of and for the year ended December 31, 1996, and have issued our report thereon dated January 29, 1998.

We have also audited the compliance of Caring Connections, Inc., with the requirements governing types of services allowed or unallowed, eligibility, level of effort, reporting, special tests and provisions and claims for advances and reimbursements that are applicable to its major federal award program which is identified in the accompanying Schedule of Federal Awards, for the year ended December 31, 1996. The management of Caring Connections, Inc., is responsible for the Corporation's compliance with these requirements. Our responsibility is to express an opinion on compliance with these requirements based on our audit.

We conducted our audit of compliance with these requirements 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 No. A-133, "Master of Institutions of Higher Education and Other Non-Profit Organizations." These standards and OMB Circular No. A-133 require that we plan and perform the audit to obtain reasonable assurance about whether material non-compliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the Corporation's compliance with these requirements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, Caring Connections, Inc., complied, in all material respects, with the specific requirements referred to in the second paragraph that are applicable to its major federal award program for the year ended December 31, 1996.

This report is intended for the information of the Board of Directors, management, and the Legislative Auditor of the state of Louisiana. However, this report is a matter of public record, and its distribution is not limited.

*Allen, Green & Company, LLP*

ALLEN, GREEN & COMPANY, LLP

Monroe, Louisiana  
January 29, 1998

**CARING CONNECTIONS, INC.**  
**Monroe, Louisiana**

**Status of Prior Audit Reportable Conditions**  
**As of and for the Year Ended December 31, 1996**

1. **Inadequate Segregation of Duties**

See current-year finding #1 on Schedule of Reportable Conditions.

2. **Bank Account Not Reconciled**

See current-year finding #2 on Schedule of Reportable Conditions.

3. **Inaccurate Bookkeeping**

See current-year finding #3 on Schedule of Reportable Conditions.

4. **Late Filing of Audit Report**

See current-year finding #4 on Schedule of Reportable Conditions.

**CARING CONNECTIONS, INC.**  
**Monroe, Louisiana**

**Status of Prior Audit Findings and Questioned Costs**  
**As of and for the Year Ended December 31, 1996**

**1. Violation of Travel Policy**

o This finding has been resolved.



CARING CONNECTIONS, INC.  
Monroe, Louisiana

Schedule of Reportable Conditions  
As of and for the Year Ended December 31, 1998

1. **Inadequate Segregation of Duties**

**CONDITION:** Except for the payroll function, all accounting functions such as depositing receipts and preparing, posting, and issuing checks are performed by the office manager. The payroll function is performed by the executive director.

**REASON/IMPROVEMENT NEEDED:** To strengthen internal control.

**CAUSE OF CONDITION:** Small size of staff.

**EFFECT OF CONDITION:** A material misstatement could go undetected.

**RECOMMENDATION:** An employee, other than the office manager and the executive director, should reconcile the bank balance to the bank balance once a month.

**MANAGEMENT'S RESPONSE:** We will comply with the auditors' recommendation. A part-time administrative assistant will reconcile the bank account.

2. **Bank Account Not Reconciled**

**CONDITION:** The Corporation has only one bank account in which all checks are issued. This bank account was not reconciled throughout the entire year nor at year-end.

**REASON/IMPROVEMENT NEEDED:** To provide better internal control and to ensure accurate financial reporting.

**CAUSE OF CONDITION:** Unknown.

**EFFECT OF CONDITION:** Multiple adjustments had to be made to correct the cash account and the corresponding expense accounts.

**RECOMMENDATION:** The bank account should be reconciled monthly. The reconciliation should occur within days of the receipt of the bank statement.

**MANAGEMENT'S RESPONSE:** We will comply with the auditors' recommendation. A part-time administrative assistant will reconcile the bank account monthly.

**CARING CONNECTIONS, INC.**  
Monroe, Louisiana

**Schedule of Reportable Conditions**  
As of and for the Year Ended December 31, 1996

**3. Incomplete Reconciling**

**CONDITION:** To reconcile the bank's cash balance to the book's cash balance, the following adjustments were made to cash:

|  |          |
|--|----------|
| 1. Interest check amounts entered on the books                                     | \$ 3,218 |
| 2. Checks written but not entered on the books                                     | (34,131) |
| 3. Amounts entered as checks but never cleared the bank and were not actual checks | 74,892   |
| 4. Deposit recorded incorrectly  | (71,606) |
| 5. Deposit not recorded on the books   | 7,508    |
| 6. Deposit recorded twice  | (15,799) |
| 7. Incorrect beginning balance   | 13,442   |
| 8. Payroll liability entries recorded as cash                                      | 17,318   |

**REASON IMPROVEMENT NEEDED:** To assure accurate financial reporting.

**CAUSE OF CONDITION:** The bank account was not being reconciled monthly nor was it reconciled at year-end.

**EFFECT OF CONDITION:** The bank balance would not reconcile to the book balance.

**RECOMMENDATION:** The bank account should be reconciled monthly. The reconciliation should occur within days of the receipt of the bank statement.

**MANAGEMENT'S RESPONSE:** We will comply with the auditors' recommendation.

**4. Late Payment of Federal and State Payroll Taxes**

**CONDITION:** Federal and state payroll taxes were not paid timely for all quarters in 1996.

**REASON IMPROVEMENT NEEDED:** Federal and state payroll taxes should be paid timely to avoid payment of penalties and interest.

**CAUSE OF CONDITION:** Unknown.

**EFFECT OF CONDITION:** A total of \$9,469 was paid in 1996 for penalties and interest due to late payments of payroll taxes.

**RECOMMENDATION:** We recommend federal and state payroll returns be filed timely and payment of taxes be made timely.

**MANAGEMENT'S RESPONSE:** We are in the process of engaging a payroll service to prepare and make payroll deposits timely. The penalties and interest were not paid from federal funds.

**CARING CONNECTIONS, INC.**  
**Monroe, Louisiana**

**Schedule of Reportable Conditions**  
**As of and for the Year Ended December 31, 1996**

**5. Late Filing of Audit Report**

**CONDITION:** The Louisiana Legislative Auditor requires audit reports to be filed within six months of the year-end of the governments. The audit report as of and for the year ended December 31, 1996 was filed after the deadline.

**REASON IMPROVEMENT NEEDED:** To comply with state regulations.

**CAUSE OF CONDITION:** The unexpected additional work involved in bringing books up to date.

**EFFECT OF CONDITION:** Violation of state regulation.

**RECOMMENDATION:** Future audit reports should be filed within six months of year-end.