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EMERGENCY AID CENTER
Franklin, Louisiana
**Annual Financial Statements
with Auditors' Report**
For the Year Ended December 31, 1957

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the auditor, or assigned, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Louisiana Auditor and, where appropriate, at the office of the parish clerk of court.

Refer to Date JUN 24 1958

CONTENTS

	Page
Independent Auditors' Report	1
Financial Statements	
Comparative Statements of Financial Position	2
Comparative Statements of Activities	3
Statement of Functional Expenses - December 31, 1997	4
Statement of Functional Expenses - December 31, 1996	5
Comparative Statements of Cash Flow	6
Notes to the Financial Statements	7 - 9
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards	10 - 11

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Emergency Aid Center
Franklin, Louisiana

We have audited the accompanying statements of financial position of the Emergency Aid Center (a non-profit organization) as of December 31, 1997 and 1996, and the related statements of activities, functional expenses and cash flow for the years then ended. These financial statements are the responsibility of the Center'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 the standards applicable to financial audits contained in 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 audits provide 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 Emergency Aid Center as of December 31, 1997, 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, we have also issued our report dated June 18, 1998, on our consideration of the Emergency Aid Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Gudry & Chamin
Certified Public Accountants

Franklin, Louisiana
June 10, 1998

EMERGENCY AID CENTER
Franklin, Louisiana

Comparative Statements of Financial Position
December 31, 1997 and 1996

	<u>1997</u>	<u>1996</u>
ASSETS		
Current Assets:		
Cash in Bank	\$ 9,889	\$ 7,532
Property & Equipment:		
Property & Equipment (Net)	<u>2,242</u>	<u>2,251</u>
TOTAL ASSETS	<u>\$ 12,131</u>	<u>\$ 9,783</u>
LIABILITIES		
Current Liabilities:		
Payroll taxes payable	\$ 426	\$ 109
Net Assets:		
Unrestricted	<u>11,705</u>	<u>9,674</u>
TOTAL LIABILITIES & NET ASSETS	<u>\$ 12,131</u>	<u>\$ 9,783</u>

Subject to the comments contained in the Independent Auditors' report and notes to financial statements which are an integral part hereof

EMERGENCY AID CENTER
Franklin, Louisiana

Comparative Statements of Activities
For the Years Ended December 31, 1997 and 1996

	<u>1997</u>	<u>1996</u>
UNRESTRICTED NET ASSETS		
Support		
Business Organizations	\$ 850	\$ 2,826
Churches	8,226	4,828
Individuals	<u>1,458</u>	<u>1,563</u>
TOTAL UNRESTRICTED SUPPORT	10,534	9,217
Net assets released from restrictions		
United Way Services funding for the year	27,300	26,300
FEMA funding for the year	<u>11,884</u>	<u>11,263</u>
TOTAL UNRESTRICTED SUPPORT AND RECLASSIFICATIONS	<u>48,918</u>	<u>47,600</u>
Expenses		
Program services	13,993	26,165
Management and general	<u>13,184</u>	<u>9,314</u>
TOTAL EXPENSES	<u>27,177</u>	<u>35,479</u>
INCREASE IN UNRESTRICTED ASSETS	2,741	2,121
NET ASSETS AT BEGINNING OF YEAR	<u>2,524</u>	<u>7,343</u>
NET ASSETS AT END OF YEAR	<u>\$ 5,265</u>	<u>\$ 9,464</u>

Subject to the comments contained in the Independent Auditors' report and notes to financial statements which are an integral part hereof

EMERGENCY AID CENTER
Franklin, Louisiana

Statement of Functional Expenses
For the Year Ended December 31, 1967

	Program Services	Support Services	Total
Specific Assistance to Individuals			
Food	\$ 992	\$ -	\$ 992
Shelter	8,135	-	8,135
Utilities	6,558	-	6,558
Medical & Hygiene	122	-	122
	<u>\$ 15,807</u>	<u>-</u>	<u>\$ 15,807</u>
Rent	-	4,360	4,360
Travel	-	242	242
Office	-	887	887
Postage	-	258	258
Utilities	-	1,348	1,348
Telephone	-	388	388
Insurance	-	443	443
Legal & Professional	-	2,708	2,708
Repairs & Maintenance	-	892	892
Salaries	18,647	-	18,647
Payroll Taxes	<u>1,274</u>	<u>-</u>	<u>1,274</u>
Total expenses before depreciation	31,991	11,600	43,591
Depreciation	-	<u>1,248</u>	<u>1,248</u>
Total Expenses	<u>\$ 31,991</u>	<u>\$ 12,848</u>	<u>\$ 44,839</u>

Subject to the comments contained in the Independent Auditors' report and notes to financial statements which are an integral part hereof

EMERGENCY AID CENTER
Franklin, Louisiana

Statement of Functional Expenses
For the Year Ended December 31, 1956

	Program Services	Support Services	<u>Total</u>
Specific Assistance to Individuals			
Food	\$ 1,989	\$ -	\$ 1,989
Shelter	5,936	-	5,936
Utilities	8,106	-	8,106
Medical & Hygiene	<u>1,413</u>	<u>-</u>	<u>1,413</u>
	\$ 18,753	-	\$ 18,753
Rent	-	1	1
Travel	-	622	622
Office	-	1,539	1,539
Postage	-	203	203
Utilities	-	1,096	1,096
Telephone	-	396	396
Insurance	-	698	698
Legal & Professional	-	2,700	2,700
Repairs & Maintenance	-	617	617
Salaries	16,192	-	16,192
Payroll Taxes	<u>1,221</u>	<u>-</u>	<u>1,221</u>
Total expenses before depreciation	16,192	9,413	44,979
Depreciation	<u>-</u>	<u>311</u>	<u>311</u>
Total Expenses	<u>\$ 16,192</u>	<u>\$ 9,724</u>	<u>\$ 45,292</u>

Subject to the comments contained in the Independent Auditors' report and notes to financial statements which are an integral part hereof

EMERGENCY AID CENTER
Franklin, Louisiana

Comparative Statement of Cash Flows
For the Years Ended December 31, 1997 and 1996

	<u>1997</u>	<u>1996</u>
Cash Flows from Operating Activities:		
Excess of revenue over expenses	\$ 1,778	\$ 3,381
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities:		
Depreciation	1,344	721
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	-	-
(Decrease) increase in payroll taxes payable	<u>47</u>	<u>188</u>
Net Cash Provided by Operating Activities	<u>3,028</u>	<u>3,288</u>
Cash Flows from Investing Activities:		
Purchases of office equipment	<u>(4,731)</u>	<u>(4,947)</u>
Net Cash Used in Investing Activities	<u>(4,731)</u>	<u>(4,947)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>1,263</u>	<u>1,641</u>
Cash and Cash Equivalents, beginning of year	<u>7,512</u>	<u>5,491</u>
Cash and Cash Equivalents, end of Year	<u>\$ 8,023</u>	<u>\$ 7,512</u>

Subject to the comments contained in the Independent Auditors' report and notes to financial statements which are an integral part hereof

EMERGENCY AID CENTER
Franklin, Louisiana

Notes to the Financial Statements
For the year ended December 31, 1997

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Emergency Aid Center, Inc. is a voluntary agency that operates a center providing social services to needy residents of Franklin, Louisiana and the surrounding area. The Emergency Aid Center annually assists approximately 2,500 disadvantaged individuals in the community. These individuals make up about 420 families, all of which live at or below poverty level. The Center is supported primarily through donor contributions, grants, and the United Way. Approximately 61% and 52% of the organization's support for the years ended December 31, 1997 and 1996, respectively, came from allocations from the United Way.

Basis of Accounting

The financial statements of the Center have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-For-Profit Organizations. Under SFAS No. 117, the organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted assets, and permanently restricted net assets.

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 amounts could differ from those estimates.

Property & Equipment

The Emergency Aid Center capitalizes all expenditures for the purchase of property and equipment. Property and equipment is recorded at cost or estimated fair value at date of gift, if donated. Depreciation is recorded over the estimated useful lives of the assets on the Modified Accelerated Cost Recovery (MACRS) basis.

**EMERGENCY AID CENTER
Franklin, Louisiana**

**Notes to the Financial Statements (Continued)
For the year ended December 31, 1997**

Revenue Recognition

Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

All donors-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Contributed Services

The Center received donated services from a variety of unpaid volunteers who assist the Center in various ways. No amounts have been recognized in the accompanying statement of activities because the criteria for recognition of such volunteer effort under SFAS No. 116 have not been satisfied.

The Emergency Aid Center occupies a building belonging to St. Jules Catholic Church. The Center rents the building on an annual basis for \$1 per year. The Church estimates the approximate fair value of the annual rental to be \$4,000 and it is included in contributions and expenses in the statement of activities.

Functional Expenses

Expenses are charged directly to program or support in general categories based on specific identification.

Income Taxes

The Emergency Aid Center qualifies as a tax-exempt organization under section 501(c)(3) of the Internal Revenue Code and, therefore, has no provision for federal income taxes.

Cash and Cash Equivalents

Cash and cash equivalents include all monies in banks and highly liquid investments with maturity date of less than three months. At December 31, 1997 and 1996 the Emergency Aid Center had all of its funds in a checking account at a local bank.

EMERGENCY AID CENTER
Franklin, Louisiana

Notes to the Financial Statements (Continued)
For the year ended December 31, 1997

NOTE 2: CASH

The total cash held by the Center at December 31, 1997 and 1996, includes \$8,809 and \$7,612, respectively, in monies that are covered by insurance provided by the Federal government.

NOTE 3: PROPERTY & EQUIPMENT

Depreciation of equipment is calculated on the Modified Accelerated Cost Recovery System (MACRS) over the class lives of the assets. The cost of such assets at December 31, 1997 is as follows:

Furniture & Fixtures	\$ 1,461
Office Equipment	<u>5,626</u>
	7,088
Less: Accumulated Depreciation	<u>4,744</u>
Total	<u>\$ 2,344</u>

Depreciation expense for the year ended December 31, 1997 is \$1,244.

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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors
Emergency Aid Center
Franklin, Louisiana

We have audited the financial statements of the Emergency Aid Center (a nonprofit organization) as of and for the year ended December 31, 1997, and have issued our report thereon dated May 16, 1998. We conducted our 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 the Emergency Aid Center's financial statements are free of material misstatement, we 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 our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be recorded under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Emergency Aid Center's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Emergency Aid Center's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable conditions noted are as follows:

Inadequate Segregation of Accounting Functions

Finding:

Due to the small number of employees, the Emergency Aid Center did not have adequate segregation of functions within the accounting system.

Recommendation:

Several attempts have been made to segregate duties in the area of cash receipts, cash disbursements, and monthly financial report preparation. These efforts have been successful; however, all pertinent accounting functions cannot be segregated due to the limited number of personnel. Based on the size of the operation and the cost-benefit of adding personnel, it may not be feasible to achieve complete segregation of duties.

Response:

The board of directors is aware of this finding and they review all cash receipts and disbursements at their monthly board meetings. The director often meets with the accountant in an effort to make sure that the monthly financial statements are accurate.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We believe that the reportable condition described above: inadequate segregation of accounting functions; is also considered to be a material weakness.

This report is intended for the information of the Board of Directors of the Emergency Aid Center, its management and its grantor agencies. However, this report is a matter of public record, and its distribution is not limited.

Handing # Charmin
Certified Public Accountants

Franklin, Louisiana
June 10, 1998