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**MONROE SHELTERED WORKSHOP, INC.
MONROE, LOUISIANA**

**FINANCIAL STATEMENTS
AND
ACCOUNTANT'S REPORT**

DECEMBER 31, 1967 AND 1968

Under provisions of state law, this report is a public document. A copy of this report has been submitted to the Auditor, or reviewed, audit and other appropriate public officials. The report is available for public inspection at the State House office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date SEP 2 0 1998

MONROE FILTERED STORAGE CO., INC.
MONROE, LOUISIANA
DECEMBER 31, 1997 AND 1996

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MARCUS, ROBINSON and HASELL

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Morse Shikored Workshop, Inc.
Monroe, Louisiana

We have audited the accompanying statements of financial position of Morse Shikored Workshop, Inc. (a nonprofit corporation) as of December 31, 1997 and 1996, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Workshop's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits 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. 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 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 Morse Shikored Workshop, Inc. as of December 31, 1997 and 1996, and the changes in its net assets and its cash flows for the years then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 18, 1998, on our consideration of Morse Shikored Workshop, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

Marcus, Robinson and Hassell

Marcus, Robinson and Hassell
Monroe, Louisiana
September 18, 1998

MINDRE SHELTERED WORKSHOP, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 1997 AND 1996

ASSETS

	<u>1997</u>	<u>1996</u>
CURRENT ASSETS		
Cash (Note 1)	24,943	44,723
Accounts Receivable (Note 2)	12,813	22,242
Prepaid Insurance	4,197	0
Grants Receivable (Note 1)	5,604	7,000
Inventory (Note 2)	21,724	8,621
TOTAL CURRENT ASSETS	79,281	82,586
FIXED ASSETS, net (Notes 1 and 2)	20,182	38,421
TOTAL ASSETS	99,463	121,007

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts Payable	19,600	14,494
Accrued Payroll Taxes	3,702	4,017
Notes Payable (Notes 1 & 2)	23,828	12,145
TOTAL CURRENT LIABILITIES	47,130	30,656
NET ASSETS		
Unrestricted:		
Operating	40,887	52,040
Fixed Assets	20,182	20,822
TOTAL NET ASSETS	61,069	72,862
TOTAL LIABILITIES AND NET ASSETS	108,199	103,518

See Notes to Financial Statements

MONSIEUR HILF FERTILIZERS, INC.
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 1997 AND 1996

	<u>1997</u>	<u>1996</u>
PUBLIC SUPPORT AND REVENUE		
Sales (Note 3)	261,858	261,911
Cost of Sales (Note 3)	<u>133,233</u>	<u>123,468</u>
Gross Profit	128,625	138,443
Vocational Rehabilitation	9,988	26,888
Grants	30,873	29,325
Medicare Waiver	47,848	24,734
Donations	4,137	4,000
Fund Drives	3,879	8
Interest	<u>67</u>	<u>275</u>
TOTAL PUBLIC SUPPORT AND REVENUE	<u>266,356</u>	<u>283,263</u>
EXPENSES		
Accounting	3,096	3,156
Advertising	3,664	397
Depreciation	83,138	78,778
Education and Training	414	99
Fund Raising	2,463	116
Fuel	1,381	1,898
Insurance	21,369	16,656
Liquor & Fees	153	153
Miscellaneous	1,497	60
Office Supplies	1,680	3,180
Public Relations	383	300
Rent (Note 3)	1,540	1,540
Repairs & Maintenance	15,083	12,367
Salaries	114,327	114,763
Supplies	1,337	894
Taxes - Payroll	15,663	17,091
Telephone	2,615	1,987
Travel	486	984
Utilities	<u>13,730</u>	<u>18,147</u>
TOTAL EXPENSES	<u>288,948</u>	<u>213,536</u>
CHANGES IN NET ASSETS	<u>(22,592)</u>	<u>(30,273)</u>
NET ASSETS, Beginning of Year	<u>83,481</u>	<u>113,754</u>
NET ASSETS, End of Year	<u>60,889</u>	<u>83,481</u>

See Notes to Financial Statements

MORGAN SHELTERED HOUSING, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 1997 AND 1996

	<u>1997</u>	<u>1996</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	(21,792)	(39,270)
Adjustments to Reconcile Net Decrease in Fund Balance to Net Cash Used in Operating Activities:		
Depreciation	18,279	7,870
(Increase) or Decrease in:		
Accounts Receivable	12,847	(3,508)
Prepaid Insurance	(4,192)	0
Grants Receivable	3,409	6,480
Inventory	(27,089)	28,849
Increase or (Decrease) in:		
Accounts Payable	3,147	3,709
Accrued Payroll Taxes	_(222)	_(310)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(19,631)	29,536
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	_____0	(17,348)
NET CASH USED IN INVESTING ACTIVITIES	0	(17,348)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds From Notes Payable	17,889	17,148
Payments on Notes Payable	(15,148)	_____0
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	_(1,489)	17,148
NET INCREASE (DECREASE) IN CASH	(19,799)	29,235
CASH, BEGINNING OF YEAR	_44,712	24,387
CASH, END OF YEAR	<u>24,913</u>	<u>53,622</u>

See Notes to Financial Statements

MONROE UNFILTERED WOODSHED, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1987 AND 1986

NOTE 1 - NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

NATURE OF OPERATIONS

Monroe Unfiltered Woodshed, Inc. is a nonprofit corporation based in Monroe, Louisiana. The corporation is engaged in the manufacture and repair of various wood products including wooden pallets, crates, stakes, frames, etc. The corporation also provides certain special services to area businesses such as sorting, documentation, staffing, overpacks, maintaining special mail for unshipped items, etc. Employees involved in both phases of the operation are handicapped in various ways.

BASIS OF ACCOUNTING

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

FINANCIAL STATEMENT PRESENTATION

The Woodshed has adopted Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-For-Profit Organizations." Under SFAS No. 117, the Woodshed is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Woodshed is required to present a statement of cash flows. As permitted by the statement, the Woodshed has discontinued its use of fund accounting.

CONTRIBUTIONS

The Woodshed has also adopted SFAS No. 116, "Accounting for Contributions Received and Contributions Made."

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

PUBLIC SUPPORT AND RECEIPTS

Annual contributions are recorded when received and are generally available for unrestricted use unless specifically restricted by the donor.

Grants and other contributions are generally available for unrestricted use unless specifically restricted by the donor. Grants not received in the current period are recorded as income and as a grant receivable.

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

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.

CASH AND CASH EQUIVALENTS

Cash in checking and savings (if any) is considered cash and cash equivalents for the purposes of the statement of cash flows.

MONROE SHIELDED WORKSHOP, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1997 AND 1996

NOTE 1 - NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

INCOME TAXES

The Workshop is exempt from Federal and State income taxes under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes has been made in these financial statements.

DEPRECIATION AND AMORTIZATION

Fixed assets are recorded at cost when purchased or, if donated, at fair market value at date of donation. Fixed assets are being depreciated over estimated useful lives of five to fifteen years using the straight line method.

BAD DEBTS

The Workshop uses the direct write-off method of accounting for uncollectible accounts by charging such losses to operations in the period in which uncollectibility is determined. Use of this method does not result in a material difference from the valuation method required by generally accepted accounting principles.

NOTE 2 - INVENTORIES

Inventories are stated at the lower of cost or market. The inventory, based on a physical count as of December 31, 1997 and 1996, is composed of the following:

	<u>1997</u>	<u>1996</u>
Raw Materials	13,629	7,897
Work in Process	814	0
Finished Goods	13,281	1,138
TOTAL INVENTORY	27,724	9,035

NOTE 3 - FIXED ASSETS

	<u>1997</u>	<u>1996</u>
ASSETS		
Building Improvements	12,117	12,117
Machinery and Equipment	61,699	61,699
Furniture and Fixtures	1,428	1,428
Automobiles and Trucks	18,858	18,858
	94,102	94,102
ACCUMULATED DEPRECIATION		
Building Improvements	10,896	9,128
Machinery and Equipment	45,572	36,796
Furniture and Fixtures	1,129	997
Automobiles and Trucks	17,269	16,754
	74,866	63,675
NET FIXED ASSETS	20,236	30,427

Depreciation for the year totaled \$13,139 and \$7,878 in 1997 and 1996, respectively.

MUNICH-SHELTERED WORKSHOP, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1997 AND 1996

NOTE 4 - SALES AND COST OF SALES

SALES	<u>1997</u>	<u>1996</u>
Scale Shop	118,087	119,081
Fabric Shop	96,651	87,839
Denim Shop	34,338	28,069
Fabric Recycling	23,279	18,984
Other	1,700	4,622
TOTAL SALES	284,055	258,595
COST OF SALES		
Beginning Inventory	9,839	58,483
Purchases and Labor	181,438	152,604
	191,277	183,889
Ending Inventory	11,718	9,822
TOTAL COST OF SALES	202,565	193,711
GROSS PROFIT	81,490	64,884

NOTE 5 - NOTES PAYABLE

	<u>1997</u>	<u>1996</u>
Note Payable to Scherck Hogen, due in November 1997, which includes interest at 8%.	15,000	11,000

Interest expense totaled \$6 and \$6 for the years ended December 31, 1997 and 1996, respectively.

NOTE 6 - MINIMUM FUTURE LEASE PAYMENTS

Minimum future lease payments on the building as of December 31, 1997 are as follows:

1998	1,300
1999	1,300
	<u>2,600</u>

NOTE 7 - RELATED PARTY TRANSACTIONS

The Corporation borrowed \$15,000 from a board member in 1993. This is a short term loan that is to be repaid in November 1998.

NOTE 8 - DONATED SERVICES AND MATERIALS

The Workshop receives donated services from a variety of unpaid volunteers. 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.

NOTE 9 - COMPENSATION - BOARD OF DIRECTORS

There was no compensation paid to any member of the Board of Directors during the years 1998 and 1997.

SUPPLEMENTAL INFORMATION

MARCUS, ROBINSON and HASSELL

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COUNCIL ON STANDARDS OF ETHICAL CONDUCT

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
Monroe Shikhered Workshop, Inc.
Monroe, Louisiana

We have audited the financial statements of Monroe Shikhered Workshop, Inc. (a nonprofit organization) as of and for the years ended December 31, 1997 and 1996, and have issued our report dated September 18, 1998. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits in Government Auditing Standards, as issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Monroe Shikhered Workshop, Inc.'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 one instance of noncompliance that is required to be reported under Government Auditing Standards and which is described in the accompanying schedule of findings and questioned costs as item #1.1.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Monroe Shikhered Workshop, Inc.'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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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



Marcus, Robinson and Hassell
Monroe, Louisiana
September 18, 1998

MONROE REELEDGED WORKSHOP, INC.
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEARS ENDED DECEMBER 31, 1997 AND 1996

Internal Control and Compliance Material in the Financial Statements

Condition: The audit was not completed within six months of the entity's fiscal year end which is required by the Louisiana Governmental Audit Guide.

See finding 91-1 in current year Schedule of Findings and Questioned Costs.

Management Letter

There were no prior year management comments.

**MONROE SHELTERED WORKSHOP, INC.
SCHEDULE OF FINDINGS AND QUESTIONNAIRES
FOR THE YEARS ENDED DECEMBER 31, 1997 AND 1998**

PART I - SUMMARY OF THE AUDITOR'S RESULTS

Financial Statement Audit

- i. The type of audit report issued was unqualified.
- ii. There were no reportable conditions required to be disclosed by Government Auditing Standards issued by the Comptroller General of the United States.
- iii. There was an instance of noncompliance considered material, as defined by the Government Auditing Standards, to the financial statement.

Audit of Federal Awards

- iv. The Workshop did not meet the requirements for an audit under OMB Circular No. A-133.

PART II - Finding(s) relating to the financial statements which are required to be reported in accordance with Generally Accepted Government Auditing Standards

Findings Reference Number and Title	WT-1	Failure to Meet Audit Completion Date
--	-------------	--

Condition: The Audit was not completed within six months of the entity's fiscal year end which is required by the Louisiana Government Audit Guide. This requirement must be met in order to comply with Louisiana Revised Statute 24:518.

Recommendation: Records should be made available in order that the audit be completed timely.

Management's Corrective Action Plan/ Corrective Action Planned: Management will have records ready and made available to auditor in sufficient time for audit to be completed as required by law. Person responsible for corrective plan:

Jim Mack, Executive Director
Monroe Sheltered Workshop, Inc.
411 Cargo Lane
Monroe, Louisiana 71281
Telephone (318) 323-3549

Anticipated completion date: Within three months of year end.