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**Trailblazer Resource Conservation and Development Area, Inc.  
Financial Statements  
For the year Ended 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 ~~SEP 5 1998~~

**Trailblazer Resource Conservation and Development Area, Inc.**  
**December 31, 1996**

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# WILLIAM D. EDWARDS

Certified Public Accountant  
A Professional Accounting Corporation  
Member: AICPA / Society of LCPA'S

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Trailblazer Resource Conservation and Development Area, Inc.  
Ruston, Louisiana 71270

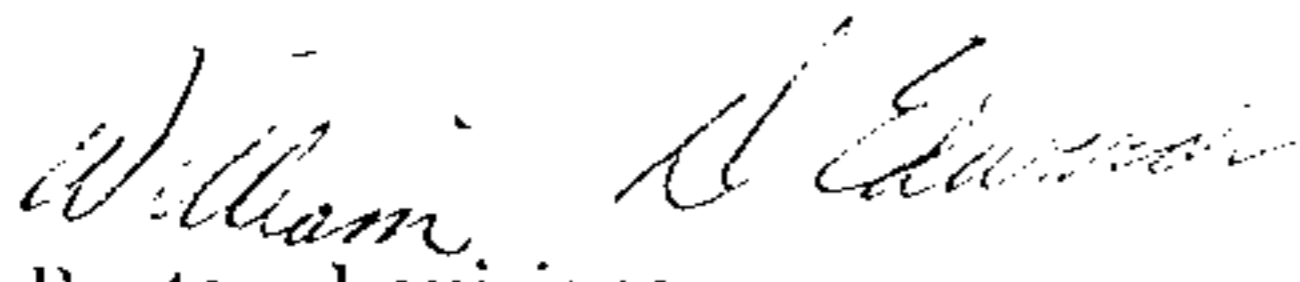
I have audited the balance sheet of Trailblazer Resource Conservation and Development Area, Inc., a nonprofit organization, as of December 31, 1996, and the related statements of support, revenue, and expenses and changes in fund balances and functional expenses for the year then ended. These financial statements are the responsibility of Trailblazer's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards and the standards for financial and compliance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Trailblazer, Inc., as of December 31, 1996, and the result of its operations and the changes in fund balances for the year then ended in conformity with generally accepted accounting principles.

My audit was made for the purpose of forming an opinion on the basic financial statement taken as a whole. The information included as "Other Supplementary Information" in the Table of Contents is presented for the purposes of additional analysis and is not a required part of the basic financial statements of Trailblazer Inc. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with *Governmental Auditing Standards*, I have also issued a report dated August 21, 1998 on my consideration of Trailblazer, Inc.'s compliance and on internal control.

  
Ruston, Louisiana  
August 21, 1998

**Trailblazer Resource Conservation and Development Area, Inc.**  
**Statement of Financial Position**  
**December 31, 1996**

**Assets**

**Current Assets:**

Cash and cash equivalents	\$ 113,524
Accounts Receivable	<u>19,429</u>

Total current assets	\$ 132,953
----------------------	------------

Endowment investments	-0-
-----------------------	-----

Equipment , net	-0-
-----------------	-----

Long-term unconditional promises to give	-0-
--	-----

<b>Total Assets</b>	<b>\$ 132,953</b>
---------------------	-------------------

**Liabilities and Net Assets**

**Current liabilities:**

Accounts payable and accrued liabilities	<u>\$ 2,543</u>
--	-----------------

<b>Total current liabilities/total liabilities</b>	<b>\$ 2,543</b>
--	-----------------

**Net assets:**

Unrestricted net assets:

Operating	\$ 130,410
Board designated	-0-
Fixed assets	-0-

Total unrestricted net assets	<u>130,410</u>
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Temporarily restricted net assets (note 5)	-0-
--	-----

Permanently restricted net assets (note 6)	-0-
--	-----

<b>Total net assets</b>	<b>\$ 130,410</b>
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<b>Total liabilities and net assets</b>	<b>\$ 132,953</b>
---	-------------------

See accompanying accountants report and notes to financial statements.

**Trailblazer Resource Conservation and Development Area, Inc.**  
**Statement of Activities**  
**For the Year Ended December 31, 1996**

Public Support, Revenues, & Classification	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
State Wide Dry Hydrant Grants	\$ 93,788			\$ 93,788
Sponsor Dues & Registration Fees	13,901			13,901
Interest	4,218			4,218
Other Governmental Grants	19,000			19,000
Donated Services (Government Entities)	2,729,128			2,729,128
Miscellaneous	6,204			6,204
 Total public support, revenues, & reclassification	 <u>\$ 2,866,240</u>	 <u>-0-</u>	 <u>-0-</u>	 <u>\$ 2,866,240</u>
 Expenses				
Programs:				
State wide Dry Hydrant Direct Costs	83,243			83,243
Donated Services	<u>2,729,128</u>			<u>2,729,128</u>
Total Grant Programs	2,812,371	<u>-0-</u>	<u>-0-</u>	2,816,020
Administration	22,995			22,995
 Total Expenses	 <u>2,835,366</u>			 <u>2,837,588</u>
 Change in net assets	 <u>30,873</u>			 <u>30,873</u>
 Net assets as of beginning of year	 <u>99,537</u>			 <u>92,537</u>
 Net assets as of end of year	 <u>130,410</u>	 <u>-0-</u>	 <u>-0-</u>	 <u>130,410</u>

See accompanying accounts report and notes to financial statements.

**Trailblazer Resource Conservation and Development Area, Inc.**  
**Statement of Cash flows**  
**For Year Ended December 31, 1996**

<b>Operating activities</b>	
Change in net assets	\$ 30,874
Adjustments to reconcile change in net assets to net	
Cash provided (used) by operating activities:	(19,429)
Accounts Receivable	2,210
Accounts Payable and Accrued Liabilities	
Net cash provided by operating activities	\$ 13,655
 <b>Investing activities</b>	 -0-
 <b>Financing activities</b>	 -0-
 Net increase in cash and cash equivalents	 13,655
Cash affect of prior period adjustment	6,936
Cash and cash equivalents as of beginning of year	92,933
 Cash and cash equivalents as of end of year	 \$ 113,524

Taxes paid in 1996     \$ 0  
Interest paid in 1996     \$ 0

See accompanying accountants report and notes to financial statements.

**Trailblazer Resource Conservation and Development Area, Inc.**  
**Statement of Functional Expenses**  
**Year Ended December 31, 1996**

<u>Compensation and Related Expenses</u>	<u>Support</u>	<u>Program Services</u>	<u>Total</u>
	<u>Administrative</u>	<u>Grant Projects</u>	
Compensation	\$ 7,829	\$ 18,192	\$ 26,024
Payroll Taxes	990	1,392	2,382
Committee Meeting	1,423	-0-	1,423
Data Processing	-0-	-0-	-0-
Donated Services	-0-	2,729,128	2,729,128
Dues/Licenses	338	208	546
Expendable Equip.	-0-	-0-	-0-
Insurance	2	2,450	2,452
Interest	-0-	-0-	-0-
Legal and Accounting	1,027	537	1,564
Maintenance of Equip	611	-0-	611
Meetings, Board	418	145	563
Miscellaneous	986	1,074	2,060
Newsletter	590	-0-	590
Occupancy, Rent	3,462	-0-	3,462
Office Expense	759	3,644	4,403
Postage	654	429	1,083
Supplies			
Maintenance	4,146	11,345	15,491
Materials	653	38,480	39,133
Telephone	2,185	643	3,058
Transportation, Auto			
Travel	<u>692</u>	<u>4,704</u>	<u>5,396</u>
 Total Expenses Before Allocation	 26,995	 2,812,371	 2,839,360
Allocate Management, General and Program Services	<u>[ 4,000]</u>	<u>-0-</u>	<u>[4,000]</u>
 Total Expenses	 <u>22,995</u>	 <u>2,812,371</u>	 <u>2,835,366</u>

See accompanying accountants report and notes to financial statements.

**TRAILBLAZER RESOURCE CONSERVATION AND DEVELOPMENT AREA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 1996**

**NOTE A: NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Organization**

Trailblazer Resource Conservation and Development Area, Inc., was organized in October 1966, and received their tax exempt status as a 501(C)3 organization in December 1988, to promote natural resource conservation and community development. The corporation works with individuals and government entities to ensure protection and development of the state's natural resources. The principal programs currently consist of installing dry hydrants throughout the state to protect rural areas from fire damage.

**Basis of Accounting**

The financial statements of the corporation 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. Accordingly, Trailblazer, Inc. reports 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. A brief description of each class is as follows:

**Unrestricted net assets**

Net assets that are not subject to donor-imposed stipulations.

**Temporarily restricted net assets**

Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Corporation and/or the passage of time.

**Permanently restricted net assets**

Net assets subject to donor-imposed stipulations that they be maintained permanently by the Corporation. Generally, the donors of these assets permit the Corporation to use all or part of the income earned on related investments for general or specific purposes.

**Use of estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.



**TRAILBLAZER RESOURCE CONSERVATION AND DEVELOPMENT AREA, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 1996**

**Contributions**

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

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-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 (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

**Cash and Cash Equivalents**

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

**Fixed Assets and Depreciation**

Fixed assets are stated at cost. Depreciation is provided on the straight-line method over the estimated useful life of the assets.

**Donated Services**

The bulk of Trailblazer's functions related to installing dry hydrants is conducted by personnel with equipment provided by government and quasi-governmental entities. These donated services meet the requirements of SFAS No. 116.

**Restricted and Unrestricted Revenue and Support**

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-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 (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. Grant awards are classified as refundable advances until expended for the purpose of the grant when they are conditional promises to give.

**Fund Accounting**

The accounts of the Association are maintained in accordance with the principles of fund accounting. Under fund accounting, resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purpose. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds that have similar characteristics have been combined into fund classes.

**TRAILBLAZER RESOURCE CONSERVATION AND DEVELOPMENT AREA, INC.**  
**NOTES TO FINANCIAL STATEMENTS(CONTINUED)**  
**DECEMBER 31, 1996**

**Property and equipment**

Additions are recorded at cost, if purchases, and at appraised or estimated fair value at the time of donation, if received as gifts. Minor renewals and replacements are expensed when incurred. Amortization expense on capital leases is included with depreciation expense on owned assets. Two computers purchased by the Corporation are to be returned to the grant agencies and are, therefore, not included on the balance sheet.

Depreciation is computed by the straight-line method over the estimated economic lives of the respective assets held, which are as follows:

Furnishings and equipment	3-5 Years
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**Income taxes**

The Corporation has a tax determination letter from the Internal Revenue Service stating that it qualifies under provisions of the applicable Internal Revenue Code to be exempt from federal income taxes, and has been classified as an organization that is not a private foundation. Any revenue producing activity not considered part of the Corporation's tax exempt purpose, could be subject to income taxes.

**Leases**

The Corporation is not obligated under any leases. The office facilities are rented on a month to month agreement for \$1250.00 per month.

**Note B - Property and equipment**

Property and equipment at December 31, 1996 consist of the following:

Furniture and equipment	\$559
Less: Accumulated Depreciation	<u>(559)</u>
Property and equipment-net	-0-
	===

**Note C - Accrued Vacation and Sick Pay**

Vacation and sick pay accrual are not a material amount and, therefore no adjustment has been made.

**Note D - Functional Expenses**

Expense that can be identified with a specific program and support service are allocated directly according to their natural expenditure classification. For the year ended December 31, 1996 all program expenses were included in the dry hydrant program category.

**TRAILBLAZER RESOURCE CONSERVATION AND DEVELOPMENT AREA, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 1996**

**Note E - Programs**

**State Wide Dry Hydrant Program**

During the year ended December 31, 1996, almost all of the revenue and expenses were related to the fire hydrant program. This is a program wherein the Corporation oversees the installation of water hydrants in rural areas. The Louisiana Department of Natural Resources provides the basic funds to buy material, while government entities, in the areas where the hydrants are to be installed, provide the basic labor and equipment. The contract requires a minimum of matching funds, generally in the form of services and equipment.

# WILLIAM D. EDWARDS

Certified Public Accountant  
A Professional Accounting Corporation  
Member: AICPA / Society of LCPA'S

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

To the Board of Directors of  
Trailblazer Resource Conservation and Development Area, Inc.

I have audited the financial statements of Trailblazer Resource Conservation and Development Area, Inc (a nonprofit organization) as of and for the year ended December 31, 1996, and have issued my report *thereon dated August 21, 1998. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States.*

### Compliance

As Part of obtaining reasonable assurance about whether Trailblazer Resource Conservation and Development Area, Inc. *financial statements are free of material misstatement, we performed tests of it's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results if my tests disclosed instances of noncompliance that are required to be reported under *Governmental auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items*

### Internal Control Over Financial Reporting

In planning and performing my audit, I considered Trailblazer Resource Conservation and Development Area, Inc. internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, I noted certain matters involving the internal control over financial reporting and its operation that I consider to be reportable conditions. Reportable conditions involve matters coming to my attention relation to significant deficiencies in the judgment, could adversely affect Trailblazer Resource Conservation and Development Area, Inc. ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items m

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

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. My 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. However, I believe that none of the reportable conditions described above is a material weakness.

This report is intended for the information of the audit committee, management, and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

  
William D. Edwards, CPA APAC

Ruston, Louisiana  
August 21, 1998

**Trailblazer Resource Conservation and Development Area, Inc.**  
**Schedule of Findings**  
**For the Year Ended December 31, 1996**

COMPLIANCE

Finding 1.

The audit report has been submitted after the state filing deadline, which requires submission to the Legislative Auditor's Office within six months of year end.

Recommendation

Trailblazer should establish procedures to ensure timely completion of financial reports to the Legislative Auditor's Office.

Management response

Now that we are advised of the reporting requirements, we will ensure timely report submissions, except that the report for the year end December 31, 1997. We are discussing the completion of a compilation and attestation report for December 31, 1997.

INTERNAL CONTROL ON FINANCIAL ACCOUNTING

Finding 2.

Trailblazer does not have a large enough staff to provide for segregation of all accounting duties.

Recommendation

Based on the amount of Trailblazer's revenue and the number of accounting transactions, it is not economically sound to expend additional resources to provide for segregation of accounting duties.

Management response

We agree that adding staff simply to obtain segregation of accounting duties would not be economically practical.

Finding 3.

While a test of the donated services found no material inaccuracies, there was no schedules to support the monthly summary which is provided to the Department of Natural Resources for the state of Louisiana. The Dry Hydrant contract requires a certain amount of matching resources and that the amount of those matching resources be reported to the contract administrator monthly.

**Trailblazer Resource Conservation Development Area, Inc.**  
**Schedule of Findings, cont.**  
**For the Year Ended December 31, 1996**

Recommendation

Trailblazer should maintain the summary schedule of donated services to support each monthly invoice to the Department of Natural Resources.

Management response

Our procedures include maintaining the schedule of support for donated services. We will be more attentive to seeing that these schedule are maintained in the invoice files.