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**ACADIANA COMMUNITY SUPPORT PROGRAM, INC.**

**FINANCIAL REPORT**

**YEARS ENDED JUNE 30, 1998 AND 1997**

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 ~~MAR 03 1999~~



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## Independent Auditors' Report

To the Board of Directors  
Acadiana Community Support Program, Inc.  
Lafayette, Louisiana

We were engaged to audit the accompanying statements of financial position of Acadiana Community Support Program, Inc. (a nonprofit organization), as of and for the years ended June 30, 1997 and 1998, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Organizations' management.

Detailed records have not been maintained relating to accounts payable and supporting data regarding the allocation of expenses were not available for our audit. Therefore, we were not able to satisfy ourselves regarding the proper allocation of expenses or the accuracy of accounts payable and expenses in the accompanying financial statements as of and for the years ended June 30, 1997 and 1998.

Because of the significance of the matters discussed in the preceding paragraph, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the financial statements referred to in the first paragraph.

Governmental Accounting Standards Board Technical Bulletin 98-1, *Disclosures about Year 2000 Issues*, requires disclosure of certain matters regarding the year 2000 issue in order for financial statements to be prepared in conformity with generally accepted accounting principles. Such required disclosures include:

- any significant amount of resources committed to make computer systems and other electronic equipment year 2000-compliant;
- a general description of the year 2000 issue, including a description of the stages of work in process or completed as of the end of the reporting period to make computer systems and other electronic equipment critical to conducting operations year 2000-compliant; and
- the additional stages of work necessary for making the computer systems and other electronic equipment year 2000-compliant.

Acadiana Community Support Program, Inc. has omitted such disclosures. We do not provide assurance that the Organization is or will be year 2000 ready, that Acadiana Community Support Program, Inc.'s year 2000 remediation efforts will be successful in whole or in part, or that parties with which the Acadiana Community Support Program, Inc. does business will be year 2000 ready.

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The accompanying financial statements have been prepared assuming that the Organization will continue as a going concern. As discussed in Note 8 to the financial statements, the Organization has suffered recurring significant reductions in grant revenues, are very late in paying numerous vendors' invoices, and potentially could have a deficiency in net assets. This condition raises substantial doubt about its ability to continue as a going concern at June 30, 1998. The financial statements do not include any adjustment that might result from the outcome of this uncertainty.

In accordance with Government Auditing Standards, we have also issued our report dated January 12, 1999, on our consideration of the Acadiana Community Support Program, Inc.'s internal control over financial reporting and our tests of compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. As previously stated, the scope of our work was not sufficient to enable us to express an opinion, and we do not express, an opinion on the supplemental information.

*Darnall, Sikes & Frederick*

A Corporation of Certified Public Accountants

Lafayette, Louisiana

January 12, 1999

ACADIANA COMMUNITY SUPPORT PROGRAM, INC.

STATEMENTS OF FINANCIAL POSITION  
June 30, 1998 and 1997

| ASSETS                                  | <u>1998</u>      | <u>1997</u>      |
|---|------------------|------------------|
| <b>CURRENT ASSETS</b>                   |                  |                  |
| Cash                                    | \$ 1,107         | \$ 4,643         |
| Prepaid insurance                       | 1,711            | 1,711            |
| Due from other agencies                 | 32,185           | 22,282           |
| Deposits                                | <u>3,166</u>     | <u>3,166</u>     |
| Total current assets                    | 38,169           | 31,802           |
| <b>FIXED ASSETS</b>                     |                  |                  |
| Property and equipment, net             | <u>31,671</u>    | <u>37,214</u>    |
| Total assets                            | <u>\$ 69,840</u> | <u>\$ 69,016</u> |
| <b>LIABILITIES AND NET ASSETS</b>       |                  |                  |
| <b>CURRENT LIABILITIES</b>              |                  |                  |
| Accounts payable                        | \$ 7,742         | \$ 21,179        |
| Accrued expenses                        | 1,374            | 16,537           |
| Notes payable                           | 10,000           | 25,427           |
| Obligations under capital lease-current | <u>2,990</u>     | <u>2,290</u>     |
| Total current liabilities               | 22,106           | 65,433           |
| <b>LONG-TERM DEBT</b>                   |                  |                  |
| Obligation under capital lease          | -                | 3,408            |
| Net assets-unrestricted                 | <u>47,734</u>    | <u>175</u>       |
| Total liabilities and net assets        | <u>\$ 69,840</u> | <u>\$ 69,016</u> |

The accompanying notes are an integral part of this statement.

ACADIANA COMMUNITY SUPPORT PROGRAM, INC.

STATEMENTS OF ACTIVITIES  
 Years Ended June 30, 1998 and 1997

|  | <u>1998</u>         | <u>1997</u>         |
|--|---------------------|---------------------|
|  | <u>Unrestricted</u> | <u>Unrestricted</u> |
| <b>REVENUES AND OTHER SUPPORT:</b>           |                     |                     |
| Contributions                                | \$ -                | \$ 320              |
| Program revenue                              | 353,895             | 430,203             |
| Apartment fees                               | 4,231               | 30,418              |
| Miscellaneous revenue                        | <u>10,489</u>       | <u>17,976</u>       |
| Total revenues and other support             | <u>368,615</u>      | <u>478,917</u>      |
| <b>EXPENSES:</b>                             |                     |                     |
| Program expenses -                           |                     |                     |
| Bienvenue House                              | 22,251              | 43,218              |
| Evangeline House                             | 22,455              | 44,675              |
| Supervised Independent Living Program        | 6,834               | 29,867              |
| Community Support Day Program                | 86,015              | 125,070             |
| Janitor Training Employment Program          | 10,126              | 10,571              |
| Supervised Employment                        | 38,320              | 28,079              |
| Management and general                       | <u>135,055</u>      | <u>188,182</u>      |
| Total expenses                               | <u>321,056</u>      | <u>469,662</u>      |
| Increase in net assets                       | 47,559              | 9,255               |
| Net assets (deficiency) at beginning of year | <u>175</u>          | <u>(9,080)</u>      |
| Net assets at end of year                    | <u>\$ 47,734</u>    | <u>\$ 175</u>       |

The accompanying notes are an integral part of this statement.



ACADIANA COMMUNITY SUPPORT PROGRAM, INC.

STATEMENTS OF CASH FLOWS  
Years Ended June 30, 1998 and 1997

|   | <u>1998</u>         | <u>1997</u>         |
|---|---------------------|---------------------|
|   | <u>Unrestricted</u> | <u>Unrestricted</u> |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |                     |                     |
| Change in net assets  | \$ 47,559           | \$ 9,255            |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: |                     |                     |
| Depreciation  | 5,392               | 6,011               |
| Loss on disposal of assets  | 632                 | 2,241               |
| Decrease in receivables   | -                   | 1,816               |
| Decrease (increase) in due from other agencies  | (9,903)             | 1,692               |
| (Increase) in other current assets  | -                   | (1,936)             |
| (Decrease) in accounts payable  | (13,437)            | (8,865)             |
| Increase (decrease) in accrued liabilities  | <u>(15,163)</u>     | <u>7,757</u>        |
| Net cash provided by operating activities   | <u>15,080</u>       | <u>17,971</u>       |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |                     |                     |
| Purchase of equipment   | <u>(481)</u>        | <u>(10,748)</u>     |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>   |                     |                     |
| Principal payments on capital lease obligations   | (2,708)             | (1,684)             |
| Net repayment of short term borrowings  | (15,427)            | (9,573)             |
| Proceeds from capital lease obligations   | <u>-</u>            | <u>7,382</u>        |
| Net cash used in financing activities   | <u>(18,135)</u>     | <u>(3,875)</u>      |
| Net increase (decrease) in cash   | (3,536)             | 3,348               |
| Cash at beginning of year   | <u>4,643</u>        | <u>1,295</u>        |
| Cash at end of year   | <u>\$ 1,107</u>     | <u>\$ 4,643</u>     |
| <b>SUPPLEMENTAL DISCLOSURES</b>   |                     |                     |
| Interest paid   | <u>\$ 5,255</u>     | <u>\$ 6,699</u>     |

The accompanying notes are an integral part of this statement.

ACADIANA COMMUNITY SUPPORT PROGRAM, INC.

STATEMENT OF FUNCTIONAL EXPENSES  
Year Ended June 30, 1997

|                              | Program            |                     |  |                                     |
|------------------------------|--------------------|---------------------|--|-------------------------------------|
|                              | Bienvenue<br>House | Evangeline<br>House | Supervised<br>Independent<br>Living<br>Program | Community<br>Support Day<br>Program |
| Salaries                     | \$ 23,111          | \$ 25,014           | \$ 4,716                                       | \$ 90,438                           |
| Payroll taxes                | -                  | -                   | -  | -                                   |
| Insurance                    | -                  | -                   | -  | (776)                               |
| Telephone and communications | 942                | 709                 | 355  | 1,690                               |
| Utilities                    | 3,601              | 5,091               | 77   | 2,685                               |
| Training and conferences     | 255                | 226                 | 14   | 1,435                               |
| Contracted services          | 375                | 456                 | 190  | 1,747                               |
| Repairs and maintenance      | 470                | 495                 | -  | 727                                 |
| Interest                     | 17                 | 17                  | -  | 52                                  |
| Supplies                     | 499                | 529                 | -  | 1,377                               |
| Dietary expense - food       | 785                | 1,028               | -  | 3,857                               |
| Rent                         | 11,975             | 9,925               | 23,395   | 13,090                              |
| Miscellaneous                | 278                | 400                 | 632  | 2,032                               |
| Printing and postage         | -                  | -                   | -  | 18                                  |
| Medical care                 | -                  | -                   | -  | -                                   |
| Auto and travel              | -                  | -                   | -  | 144                                 |
| Professional services        | 189                | 241                 | -  | 5,037                               |
| Depreciation                 | 651                | 433                 | 152  | 1,184                               |
| Lease expense                | 70                 | 111                 | 336  | 333                                 |
| Loss on disposal             | -                  | -                   | -  | -                                   |
| <b>Total expenses</b>        | <u>\$ 43,218</u>   | <u>\$ 44,675</u>    | <u>\$ 29,867</u>                               | <u>\$ 125,070</u>                   |

The accompanying notes are an integral part of this statement.

| <u>Services</u>                            |                              |                   | <u>Supporting Services</u>    |                       |
|--|------------------------------|-------------------|-------------------------------|-----------------------|
| <u>Janitor Training Employment Program</u> | <u>Supervised Employment</u> | <u>Total</u>      | <u>Management and General</u> | <u>Total Expenses</u> |
| \$ 8,183                                   | \$ 19,821                    | \$ 171,283        | \$ 78,925                     | \$ 250,208            |
| -  | -                            | -                 | 23,727                        | 23,727                |
| 134  | 73                           | (569)             | 38,740                        | 38,171                |
| -  | -                            | 3,696             | 2,425                         | 6,121                 |
| -  | -                            | 11,454            | 2,685                         | 14,139                |
| -  | -                            | 1,930             | 397                           | 2,327                 |
| -  | -                            | 2,768             | 148                           | 2,916                 |
| 44   | 161                          | 1,897             | 675                           | 2,572                 |
| -  | 37                           | 123               | 6,699                         | 6,822                 |
| 397  | 2,093                        | 4,895             | 2,679                         | 7,574                 |
| -  | 52                           | 5,722             | 33                            | 5,755                 |
| -  | -                            | 58,385            | 10,500                        | 68,885                |
| -  | 61                           | 3,403             | 6,084                         | 9,487                 |
| -  | -                            | 18                | 614                           | 632                   |
| -  | 1,412                        | 1,412             | -                             | 1,412                 |
| -  | 37                           | 181               | 2,127                         | 2,308                 |
| 1,078                                      | 3,123                        | 9,668             | 7,193                         | 16,861                |
| 609  | 1,141                        | 4,170             | 1,841                         | 6,011                 |
| 126  | 68                           | 1,044             | 449                           | 1,493                 |
| -  | -                            | -                 | 2,241                         | 2,241                 |
| <u>\$ 10,571</u>                           | <u>\$ 28,079</u>             | <u>\$ 281,480</u> | <u>\$ 188,182</u>             | <u>\$ 469,662</u>     |

ACADIANA COMMUNITY SUPPORT PROGRAM, INC.

STATEMENT OF FUNCTIONAL EXPENSES  
Year Ended June 30, 1998

|                              | Program            |                     |  |                                     |
|------------------------------|--------------------|---------------------|--|-------------------------------------|
|                              | Bienvenue<br>House | Evangeline<br>House | Supervised<br>Independent<br>Living<br>Program | Community<br>Support Day<br>Program |
| Salaries                     | \$ 11,304          | \$ 12,135           | \$ 785   | \$ 67,893                           |
| Insurance                    | -                  | -                   | -  | -                                   |
| Telephone and communications | 738                | 624                 | 129  | 765                                 |
| Utilities                    | 2,263              | 3,262               | -  | 1,300                               |
| Training and conferences     | 54                 | 54                  | -  | 11                                  |
| Contracted services          | -                  | -                   | -  | 5,390                               |
| Repairs and maintenance      | 141                | 505                 | -  | 246                                 |
| Interest                     | -                  | -                   | -  | -                                   |
| Supplies                     | 643                | 843                 | -  | 185                                 |
| Dietary expense - food       | -                  | -                   | -  | 1,295                               |
| Rent                         | 5,792              | 4,650               | 5,784  | 3,880                               |
| Miscellaneous                | -                  | -                   | -  | -                                   |
| Printing and postage         | 350                | -                   | -  | 57                                  |
| Auto and travel              | 245                | -                   | -  | -                                   |
| Professional services        | 109                | 75                  | -  | 3,503                               |
| Depreciation                 | 527                | 222                 | 136  | 1,100                               |
| Lease                        | 85                 | 85                  | -  | 390                                 |
| Loss on disposal             | -                  | -                   | -  | -                                   |
| Total expenses               | <u>\$ 22,251</u>   | <u>\$ 22,455</u>    | <u>\$ 6,834</u>                                | <u>\$ 86,015</u>                    |

The accompanying notes are an integral part of this statement.

| Services                                     |                          | Supporting Services |                              |                   |
|--|--------------------------|---------------------|------------------------------|-------------------|
| Janitor<br>Training<br>Employment<br>Program | Supervised<br>Employment | Total               | Management<br>and<br>General | Total<br>Expenses |
| \$ 8,885                                     | \$ 34,280                | \$ 135,282          | \$ 61,766                    | \$ 197,048        |
| -  | -                        | -                   | 26,425                       | 26,425            |
| -  | -                        | 2,256               | 4,333                        | 6,589             |
| -  | -                        | 6,825               | 3,438                        | 10,263            |
| -  | 354                      | 473                 | 827                          | 1,300             |
| -  | -                        | 5,390               | 318                          | 5,708             |
| -  | 48                       | 940                 | 2,435                        | 3,375             |
| -  | -                        | -                   | 5,255                        | 5,255             |
| 680  | 1,817                    | 4,168               | 3,946                        | 8,114             |
| -  | -                        | 1,295               | -                            | 1,295             |
| -  | 581                      | 20,687              | 8,974                        | 29,661            |
| 16   | -                        | 16                  | 9,784                        | 9,800             |
| -  | -                        | 407                 | 368                          | 775               |
| -  | -                        | 245                 | 3,102                        | 3,347             |
| -  | 151                      | 3,838               | 965                          | 4,803             |
| 545  | 1,021                    | 3,551               | 1,841                        | 5,392             |
| -  | 68                       | 628                 | 646                          | 1,274             |
| -  | -                        | -                   | 632                          | 632               |
| <u>\$ 10,126</u>                             | <u>\$ 38,320</u>         | <u>\$ 186,001</u>   | <u>\$ 135,055</u>            | <u>\$ 321,056</u> |

# ACADIANA COMMUNITY SUPPORT PROGRAM, INC.

## Notes To Financial Statements

### NOTE 1 NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

#### Nature of organization:

Acadiana Community Support Program, Inc. changed its name on August 7, 1997. Formerly, it was known as the Acadiana Mental Health Center Board, Inc., d/b/a Acadiana Community Support Program (ACSP). The Organization is a private nonprofit organization. Its purpose is to promote the general welfare of psychologically handicapped citizens in Acadiana. The following is a description of the various programs.

#### Operating Fund

The operating fund is used to account for all financial transactions except those required to be accounted for separately by program.

#### Acadiana Community Support Day Program

The Day Program is a training facility for the psychologically handicapped citizens of Acadiana. The program offers psychosocial skills training, food, transportation and other related services.

#### Residential Homes

ASCP provides two homes for psychologically handicapped adults. They are the Evangeline House and the Bienvenue House. These homes provide a transitional environment, safe and secure in purpose, normalizing, therapeutic, with a vocational focus. The overall goal is to provide chronically mentally ill persons a secure environment in which they can practice the pre-vocational skills (self-care, independent living skills, socialization principles, etc.) necessary for maintenance of vocational training, vocational adjustment, and/or remunerative occupation.

#### Supervised Independent Living Program

The Organization supervises psychologically handicapped adults that live in Willow Bend Apartments. These clients require considerably less care than those in the residential homes.

#### Janitorial Training Employment Program

Acadiana Community Support Program operates a janitorial program through which psychologically handicapped individuals are able to train and work through Employment Development Services performing janitorial duties.

# ACADIANA COMMUNITY SUPPORT PROGRAM, INC.

## Notes To Financial Statements

### NOTE 1 NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The accompanying financial statements of the Organization have been prepared on the accrual basis of accounting.

Significant accounting policies:

#### Support and expenses -

Contributions are recognized as revenue when the contribution is received. All contributions are considered available for unrestricted use unless specifically restricted by the donor. In 1998 and 1997, all contributions were unrestricted.

Program revenue for contracts made on a per day reimbursement rate are recognized as revenue when the number of days to be reimbursed are determined. All program revenues received by Acadiana Community Support Program are of the per day reimbursement type.

The majority of funding for Acadiana Community Support Program is received from the Office of Mental Health, a division of Louisiana Department of Health and Human Resources and from Louisiana Rehabilitation Services, a division of Louisiana Department of Social Services.

Expenses are recognized on the accrual basis. Direct program expenses are allocated to the applicable programs while indirect program expenses are allocated based on an approved cost-allocation plan.

#### Allowance for doubtful accounts -

The Organization considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required.

#### Property and equipment -

Purchased property and equipment are recorded at cost at the date of acquisition. Contributed property and equipment are recorded at fair value at the date of donation. Repairs and maintenance charges which do not increase the useful lives of the assets are charged to operations as incurred. Depreciation is computed by the straight-line method at rates based on the following estimated useful lives:



ACADIANA COMMUNITY SUPPORT PROGRAM, INC.

Notes To Financial Statements

NOTE 1 NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

|                        | <u>Years</u> |
|------------------------|--------------|
| Vehicles               | 3 years      |
| Furniture and fixtures | 7 years      |
| Equipment              | 5-10 years   |
| Leasehold improvements | 20 years     |

Compensated absences -

Employees of Acadiana Community Support Program earn annual and sick leave at varying rates according to years of service with the Organization. Upon resignation or retirement, unused annual leave is paid to employees at the employee's current rate of pay.

Donated services -

The Organization receives donated services from unpaid volunteers who assist in program services during the year; however, these donated services are not reflected in the statement of activities because the criteria for recognition under SFAS No. 116 have not been satisfied.

Federal income taxes -

The Organization qualifies for an exemption from federal income tax under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes is made in the accompanying financial statements.

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.

Cash and cash equivalents -

For purposes of the statements of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.



ACADIANA COMMUNITY SUPPORT PROGRAM, INC.

Notes To Financial Statements

NOTE 2 DUE FROM OTHER AGENCIES

Due from other agencies as of June 30, 1998 and 1997 consists of the following:

|  | <u>1998</u>      | <u>1997</u>      |
|--|------------------|------------------|
| Due from LA. Dept. of Health and Human Resources | \$ 17,503        | \$ 17,503        |
| Due from LA. Dept. of Employment and Training    | 3,687            | 1,929            |
| Due from Medicaid                                | 2,850            | 2,850            |
| Due from other                                   | <u>8,145</u>     | <u>-</u>         |
|  | <u>\$ 32,185</u> | <u>\$ 22,282</u> |

NOTE 3 PROPERTY AND EQUIPMENT

Property and equipment at June 30, 1998 and 1997 are as follows:

|                               | <u>1998</u>      | <u>1997</u>      |
|-------------------------------|------------------|------------------|
| Furniture and equipment       | \$ 40,248        | \$ 46,687        |
| Donated equipment             | 200              | 475              |
| Leaschold improvements        | -                | 11,736           |
| Equipment under capital lease | <u>7,382</u>     | <u>7,382</u>     |
|                               | 47,830           | 66,280           |
| Less accumulated depreciation | <u>(16,159)</u>  | <u>(29,066)</u>  |
|                               | <u>\$ 31,671</u> | <u>\$ 37,214</u> |

Total depreciation for the years ended June 30, 1998 and 1997 was \$5,392 and \$6,011, respectively.

NOTE 4 NOTES PAYABLE

Notes payable as of June 30, 1998 and 1997 are as follows:

|   | <u>1998</u>      | <u>1997</u>      |
|---|------------------|------------------|
| Unsecured note payable to Whitney National Bank at a rate of 9.5 percent per annum, due May 25, 1998          | \$ -             | \$ 25,427        |
| Unsecured note payable to Whitney National Bank at a rate of 11.5 percent per annum. Matured on May 26, 1998. | <u>10,000</u>    | <u>-</u>         |
|   | <u>\$ 10,000</u> | <u>\$ 25,427</u> |

ACADIANA COMMUNITY SUPPORT PROGRAM, INC.

Notes To Financial Statements

NOTE 5 CAPITAL LEASE

The Organization acquired office equipment under the provisions of a long-term lease.

The future minimum lease payments under the capital lease and the net present value of future minimum lease payments at June 30, 1997, are as follows:

|   |                 |
|---|-----------------|
| 1998  | \$ 3,016        |
| 1999  | 3,016           |
| 2000  | <u>755</u>      |
| Total future minimum lease payments                   | 6,787           |
| Less: Amount representing interest                    | <u>1,089</u>    |
| Present value of future minimum lease payments        | 5,698           |
| Current maturities of obligations under capital lease | <u>2,290</u>    |
| Long-term capital lease, less current maturity        | <u>\$ 3,408</u> |

The future minimum lease payments under the capital lease and the net present value of future minimum lease payments at June 30, 1998, are as follows:

|   |              |
|---|--------------|
| 1999  | \$ 3,016     |
| 2000  | <u>503</u>   |
| Total future minimum lease payments                   | 3,519        |
| Less: Amount representing interest                    | <u>529</u>   |
| Present value of future minimum lease payments        | 2,990        |
| Current maturities of obligations under capital lease | <u>2,990</u> |
| Long-term capital lease, less current maturity        | <u>\$ -</u>  |

# ACADIANA COMMUNITY SUPPORT PROGRAM, INC.

## Notes To Financial Statements

### NOTE 6 FIDUCIARY FUNDS

During a portion of the audit period, Acadiana Community Support Program, Inc. acted as a fiduciary agent for its residents. Checking accounts were maintained for each resident in the homes. Deposits included the resident's social security benefits, their payroll checks if employed and miscellaneous gifts from family members. Disbursements consisted of day-to-day living expenses, including rent, and were based on the individual resident's needs. These funds are not included in the balance sheet of the Acadiana Community Support Program, Inc.

### NOTE 7 CONCENTRATION OF CREDIT RISK

The Organization receives a considerable amount of its total support and revenues from the Louisiana Department of Health and Human Resources for payments of psychosocial skills training, food, transportation and other related services provided to clients. During the years ended June 30, 1998 and 1997, the Organization received \$138,361 and \$285,387, respectively, from the Louisiana Department of Health and Human Resources, which is 38% and 60% of total revenues.

### NOTE 8 GOING CONCERN

During the past years, ACSP has experienced considerable declines in revenue due to reduced funding by the State of Louisiana. At the same time, the Organization experienced an increase in expenses. This combination could result in an excess of expenses over revenues and a deficiency in net assets.

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**SUPPLEMENTARY INFORMATION**

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**INTERNAL CONTROL AND COMPLIANCE**

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# Darnall, Sikes Frederick

(A Corporation of Certified Public Accountants)

## Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed In Accordance with Government Auditing Standards

Eugene H. Darnall, CPA, Retired 1990

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Kelley D. Hawkins, CPA  
Carla R. Fontenot, CPA

The Board of Directors  
Acadiana Community Support Program, Inc.  
Lafayette, Louisiana

We were engaged to audit the accompanying financial statements of the Acadiana Community Support Program, Inc. as of and for the years ended June 30, 1997 and 1998. These financial statements are the responsibility of the Acadiana Community Support Program, Inc.'s management. The scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the financial statements.

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### Compliance

As part of obtaining reasonable assurance about whether the Acadiana Community Support Program, 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 instances of noncompliance that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings and questioned costs as items 98-3, 98-4, 98-5 and 98-6.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Acadiana Community Support Program, 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. 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 Acadiana Community Support Program, Inc.'s 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 98-1, 98-2, 98-3, 98-7, 98-8, and 98-9.

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Certified Public Accountants

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. However, we consider all items referred to above to be material weaknesses.

This report is intended for the information of the board of directors, management and grantor agencies. However, this report is a matter of public record and its distribution is not limited.

*Dannall, Sikes & Frederick*

A Corporation of Certified Public Accountants

Lafayette, Louisiana  
January 12, 1999

ACADIANA COMMUNITY SUPPORT PROGRAM, INC.

Summary Schedule of Prior Year Findings  
Years Ended June 30, 1997 and 1998

Finding: 96-1, unresolved. See Finding 98-1.  
96-2, unresolved. See Finding 98-9.  
96-3, unresolved. See Finding 98-4.  
96-4, unresolved. See Finding 98-4.  
96-5, unresolved. See Finding 98-7.  
96-6, resolved.

ACADIANA COMMUNITY SUPPORT PROGRAM, INC.

Schedule of Findings and Questioned Costs  
Years Ended June 30, 1997 and 1998

Part 1 Summary of Auditor's Results

FINANCIAL STATEMENTS

Auditor's Report

A disclaimer of opinion has been issued on the Acadiana Community Support Program, Inc.'s financial statements as of and for the years ended June 30, 1997 and 1998.

Reportable Conditions – Financial Reporting

Reportable conditions in internal control over financial reporting were disclosed during the audit of the financial statements and are shown as items 98-1, 98-2, 98-3, 98-7, 98-8, and 98-9 in Part 2 and are considered material weaknesses.

Material Noncompliance – Financial Reporting

Four instances of noncompliance material to the financial statements were disclosed during the audit of the financial statements and are shown as items 98-3, 98-4, 98-5, and 98-6 in Part 2.

FEDERAL AWARDS

This section is not applicable for fiscal years ended June 30, 1997 and 1998.

Part 2 Findings Relating to an Audit in Accordance with Government Auditing Standards

98-1 Individual segregation of accounting functions

Finding:

Due to the small number of accounting personnel during the periods under audit, the Organization did not have adequate segregation of functions within the accounting system.

Recommendation:

Based on the size of the operation and the cost-benefit of additional accounting personnel, it may not be feasible to achieve complete segregation of duties

ACADIANA COMMUNITY SUPPORT PROGRAM, INC.

Schedule of Findings and Questioned Costs (Continued)  
Years Ended June 30, 1997 and 1998

98-2 Subsidiary Ledgers

Finding:

Subsidiary ledgers were not maintained for accounts receivable or accounts payable during the years under audit.

Recommendation:

Accounts payable and accounts receivable subsidiary ledgers should be maintained and reconciled to the general ledger on a monthly basis. Invoices, requests for reimbursements and other supporting documents should be maintained in order to substantiate the balances in these accounts.

98-3 Expenses

Finding:

Information regarding the proper allocation of expenses could not be obtained. As a result, it could not be determined if expenses coded to programs were allowable costs to the programs or if the costs were in accordance with the cost allocation plan.

Recommendation:

Management should implement procedures to ensure adequate documentation is maintained regarding the allowability and allocation of expenses. To achieve this, all expenses should be supported by proper documentation (invoice, expense report, etc) which should be attached to the check copy and filed in an organized manner on a timely basis to prevent misplacement. Invoices should include the applicable general ledger account number to which they are coded.

98-4 Client records

Finding:

During the audit it was determined that a complete listing of clients served during the audit period was not maintained and therefore compliance with grant agreements could not be tested.

Recommendation:

A complete listing of all clients served should be maintained and updated on a timely basis to allow for testing of compliance with provisions of grant agreements.

ACADIANA COMMUNITY SUPPORT PROGRAM, INC.

Schedule of Findings and Questioned Costs (Continued)  
Years Ended June 30, 1997 and 1998

98-5 Compliance with laws and regulations

Finding:

While attempting to perform audit procedures on fixed assets, it was noted that several assets were sold during the year to employees of the organization. This is an ethics violation under Louisiana statutes.

Recommendation:

Procedures should be implemented to monitor compliance with all applicable laws and regulations.

98-6 Compliance with laws and regulations

Finding:

Bids were not obtained for equipment leased under a capital lease during the fiscal year ended June 30, 1997, as required by L.R.S: 38:2212. This statute requires that at least three telephone or facsimile quotes be obtained on all equipment purchases over \$5,000 but less than \$10,000.

Recommendation:

Procedures should be implemented to monitor compliance with all applicable laws and regulations.

98-7 Payments of penalties and interest

Finding:

During the years under audit, substantial amounts of penalties and interest were incurred by the Organization due to a failure to timely deposit payroll tax liabilities.

Recommendation:

Procedures should be implemented to monitor the due dates of payroll tax deposits and insure that all required deposits are made timely, especially taxes withheld from the employees.



ACADIANA COMMUNITY SUPPORT PROGRAM, INC.

Schedule of Findings and Questioned Costs (Continued)  
Years Ended June 30, 1997 and 1998

98-8 Timeliness of payments of expense

Finding:

The Organization is extremely behind in the payments of vendor invoices. In some cases, this situation has caused the Organization to incur substantial amounts of late payment penalties and finance charges.

Recommendation:

Management needs to address the cash position as soon as possible in order to assure that vendors will continue to provide services and supplies on a timely basis.

98-9 Cash disbursements

Finding:

The internal control policies of the Organization require the Executive Director and a board member's signature on all disbursements. However, the board member's signature is being obtained when the checks are blank. The procedure defeats the purpose of requiring two signatures in order to monitor disbursements.

Recommendation:

The board member's signature needs to be obtained after the checks are completed with attached invoices in order for a proper monitoring of disbursements by the Board.

Part 3 Findings and Questioned Costs Relating to Federal Programs

At June 30, 1997 and 1998, the Acadiana Community Support Program, Inc. did not meet the requirements to have a single audit in accordance with OMB Circular A-133, therefore this section is not applicable.

**Management's Corrective Action Plan for Current Year's Findings**

Response to findings:

98-1 Individual segregation of accounting functions

Based on the size of the operation and the cost-benefit of additional personnel, it is not feasible to achieve complete segregation of duties. However, management will segregate wherever possible and supervise and review wherever needed.

98-2 Subsidiary Ledgers

ACSP has undergone a turnover of bookkeepers twice during the time period begin audited as well as moving program offices from one location to another. Accounts payable and accounts receivable subsidiary ledgers will be maintained and reconciled to the general ledger on a monthly basis. Invoices, requests for reimbursements and other supporting documents will be maintained in order to substantiate the balances in these accounts.

98-3 Expenses

Management will implement procedures to ensure adequate documentation is maintained regarding the allow ability and allocation of expenses. To achieve this, all expenses will be supported by proper documentation (invoice, expense report, etc) which will be attached tot he check copy and filed in an organized manner on a timely basis to prevent misplacement. Invoices will include the applicable general ledger account number to which they are coded.

98-4 Client records

Although client records for the audit period are in the office, these are all inactive clients due to the closure of these programs and therefore, listing and records are not readily available. A complete listing of all clients currently being served is being maintained and updated on a timely basis to allow for testing of compliance with provisions of grant agreements.

98-5 Compliance with law and regulations

In the process of closing the day program operation, two group home and the supervised apartments, ACSP began selling furniture, equipment, etc. We had to accomplish this task between 10/31/97 and 12/31/97 , move to a newer, much smaller office space and have the three facilities and

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**Management's Corrective Action Plan for Current Year's Findings**

four apartments emptied to be returned to the landlords on 12/31/97. We were not aware that assets could not be sold to employees of the organization and while trying to sell the items for the best price, were still under severe time constraints. Hopefully, we will not face this type of situation again and additionally, management will add to the program's policy and procedures manual this is not allowed as it is an ethics violation under Louisiana statutes.

**98-6 Compliance with laws and regulations**

Bids were obtained by telephone or fax for the equipment leased; however, they cannot be located. In the future, such bids will be placed in an administrative file to ensure easy access.

**98-7 Payment of penalties and interest**

A portion of the difficulty with making timely deposits results from turnover occurring twice during this period for the bookkeepers position. Additionally, funding was cut substantially at several times during the 24 months being audited and resulted in late deposits. Procedures have been implemented to monitor the due dates of payroll tax deposits and insure that all required deposits are made timely.

**98-8 Timeliness of payments of expense**

ACSP incurred several reductions in funds during this period of time. Initially, these were funding reductions which occurred four months into a fiscal year and then, at the end of October, 1997, four contracts with the Office of Mental Health were lost. In April of 1997, we suffered a loss of approximately \$8,000 per month in revenues with the suspension of our Medicaid program and loss of another contract to provide janitorial services. We have appealed the Medicaid program and are awaiting a decision on this. Additionally, current expenses have been reduced drastically to compensate for these losses and allow for payment of current as well as past due invoices.

**98-9 Cash disbursements**

ACSP has a board who serves voluntarily. It is impracticable to have a board member come in each time a signature is needed. However, board signatures are affixed to only one or two weeks worth of needed checks at a time and then these checks are maintained in a locked file. The second signature is not performed until the check is ready to be issued.



ACADIANA COMMUNITY SUPPORT PROGRAM, INC.

Schedule of Findings and Questioned Costs (Continued)  
Years Ended June 30, 1997 and 1998

Part 2 Findings Relating to an Audit in Accordance with Government Auditing Standards

98-10 Submission of Audit Report

Finding:

Acadiana Community Support Program, Inc. did not comply with Louisiana Revised Statute 24:513 regarding the timely submission of the audit report to the Legislative Auditor within six months of the close of their fiscal year.

Recommendation:

The Organization should implement procedures to insure that financial statements are submitted on a timely basis as required by law.

Management's Corrective Action Plan

98-10 Submission of Audit Report

Management will implement procedures to monitor compliance with applicable laws and regulations.

