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EMERGENCY AID CENTER  
FRANKLIN, LOUISIANA

ANNUAL FINANCIAL REPORT

December 31, 1998

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 JUN 9 1999

EMERGENCY AID CENTER  
FRANKLIN, LOUISIANA

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INDEPENDENT AUDITOR'S 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, 1998 and 1997, and the related statements of activities, functional expenses and cash flows 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, 1998, 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 May 24, 1999, 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.

*Guidry & Chauvin, CPAs*  
Certified Public Accountants

Franklin, Louisiana  
May 24, 1999

EMERGENCY AID CENTER  
FRANKLIN, LOUISIANA

COMPARATIVE STATEMENTS OF FINANCIAL POSITION  
December 31, 1998 and 1997

	<u>1998</u>	<u>1997</u>
<u>ASSETS</u>		
Current Assets:		
Cash in Bank	\$ 11,210	\$ 8,889
Receivable - United Way	1,869	-
Property & Equipment:		
Property & Equipment (Net)	<u>1,746</u>	<u>2,840</u>
TOTAL ASSETS	<u>\$ 14,825</u>	<u>\$ 11,729</u>
<u>LIABILITIES</u>		
Current Liabilities:		
Payroll taxes payable	\$ 290	\$ 426
Net Assets:		
Unrestricted	<u>14,535</u>	<u>11,303</u>
TOTAL LIABILITIES & NET ASSETS	<u>\$ 14,825</u>	<u>\$ 11,729</u>

The accompanying notes are an integral part of these financial statements.

EMERGENCY AID CENTER  
FRANKLIN, LOUISIANA

COMPARATIVE STATEMENTS OF ACTIVITIES  
For the Years Ended December 31, 1998 and 1997

	<u>1998</u>	<u>1997</u>
UNRESTRICTED NET ASSETS		
Support		
Business Organizations	\$ 2,370	\$ 850
Churches	7,574	8,224
Individuals	<u>1,653</u>	<u>1,458</u>
TOTAL UNRESTRICTED SUPPORT	11,597	10,532
Net assets released from restrictions		
United Way Services funding for the year	28,215	27,300
FEMA funding for the year	<u>10,700</u>	<u>11,084</u>
TOTAL UNRESTRICTED SUPPORT AND RECLASSIFICATIONS	<u>50,512</u>	<u>48,916</u>
Expenses		
Program services	33,683	33,993
Management and general	<u>13,597</u>	<u>13,144</u>
TOTAL EXPENSES	<u>47,280</u>	<u>47,137</u>
INCREASE IN UNRESTRICTED ASSETS	3,232	1,779
NET ASSETS AT BEGINNING OF YEAR	<u>11,303</u>	<u>9,524</u>
NET ASSETS AT END OF YEAR	<u>\$ 14,535</u>	<u>\$ 11,303</u>

The accompanying notes are an integral part of these financial statements.

EMERGENCY AID CENTER  
FRANKLIN, LOUISIANA

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

	<u>Program Services</u>	<u>Support Services</u>	<u>Total</u>
Specific Assistance to Individuals			
Food	\$ 889	\$ -	\$ 889
Shelter	7,415	-	7,415
Utilities	6,377	-	6,377
Medical & Hygiene	<u>895</u>	<u>-</u>	<u>895</u>
	\$ 15,576	-	\$ 15,576
Rent	-	4,200	4,200
Travel	-	518	518
Office	-	933	933
Postage	-	317	317
Utilities	-	1,513	1,513
Telephone	-	1,071	1,071
Insurance	-	452	452
Legal & Professional	-	2,700	2,700
Repairs & Maintenance	-	799	799
Salaries	16,819	-	16,819
Payroll Taxes	<u>1,288</u>	<u>-</u>	<u>1,288</u>
Total expenses before depreciation	33,683	12,503	46,186
Depreciation	<u>-</u>	<u>1,094</u>	<u>1,094</u>
Total Expenses	<u>\$ 33,683</u>	<u>\$ 13,597</u>	<u>\$ 47,280</u>

The accompanying notes are an integral part of these financial statements.

EMERGENCY AID CENTER  
FRANKLIN, LOUISIANA

STATEMENT OF FUNCTIONAL EXPENSES  
For the Year Ended December 31, 1997

	<u>Program Services</u>	<u>Support Services</u>	<u>Total</u>
Specific Assistance to Individuals			
Food	\$ 982	\$ -	\$ 982
Shelter	8,135	-	8,135
Utilities	6,558	-	6,558
Medical & Hygiene	<u>397</u>	<u>-</u>	<u>397</u>
	\$ 16,072	-	\$ 16,072
Rent	-	4,200	4,200
Travel	-	262	262
Office	-	889	889
Postage	-	258	258
Utilities	-	1,268	1,268
Telephone	-	988	988
Insurance	-	443	443
Legal & Professional	-	2,700	2,700
Repairs & Maintenance	-	892	892
Salaries	16,647	-	16,647
Payroll Taxes	<u>1,274</u>	<u>-</u>	<u>1,274</u>
Total expenses before depreciation	33,993	11,900	45,893
Depreciation	<u>-</u>	<u>1,244</u>	<u>1,244</u>
Total Expenses	<u>\$ 33,993</u>	<u>\$ 13,144</u>	<u>\$ 47,137</u>

The accompanying notes are an integral part of these financial statements.

EMERGENCY AID CENTER  
FRANKLIN, LOUISIANA

COMPARATIVE STATEMENTS OF CASH FLOWS  
For the Years Ended December 31, 1998 and 1997

	<u>1998</u>	<u>1997</u>
Cash Flows from Operating Activities:		
Excess of revenue over expenses	\$ 3,232	\$ 1,779
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities:		
Depreciation	1,094	1,244
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	(1,869)	-
(Decrease) increase in payroll taxes payable	<u>(136)</u>	<u>67</u>
Net Cash Provided by Operating Activities	<u>2,321</u>	<u>3,090</u>
Cash Flows from Investing Activities:		
Purchases of office equipment	<u>-</u>	<u>(1,733)</u>
Net Cash Used in Investing Activities	<u>-</u>	<u>(1,733)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>2,321</u>	<u>1,357</u>
Cash and Cash Equivalents, beginning of Year	<u>8,889</u>	<u>7,532</u>
Cash and Cash Equivalents, end of Year	<u>\$ 11,210</u>	<u>\$ 8,889</u>

The accompanying notes are an integral part of these financial statements.



EMERGENCY AID CENTER  
FRANKLIN, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS  
For the year ended December 31, 1998

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 families in West St. Mary Parish. The Emergency Aid Center annually assists approximately 2,600 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 55% and 61% of the organization's support for the years ended December 31, 1998 and 1997, 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, 1998

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 \$4,200 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, 1998 and 1997 the Emergency Aid Center had all of its funds in a checking account at a local bank.

NOTE 2: CASH

The total cash held by the Center at December 31, 1998 and 1997, includes \$11,210 and \$8,889, respectively, in monies that are covered by insurance provided by the federal government.

EMERGENCY AID CENTER  
FRANKLIN, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
For the year ended December 31, 1998

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, 1998 is as follows:

Furniture & Fixtures	\$ 2,460
Office Equipment	<u>5,526</u>
	7,986
Less: Accumulated Depreciation	<u>6,240</u>
Total	<u>\$ 1,746</u>

Depreciation expense for the year ended December 31, 1998 is \$1,094.

INDEPENDENT AUDITOR'S REPORT REQUIRED  
BY GOVERNMENTAL AUDITING STANDARDS

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, 1998, and have issued our report thereon dated May 24, 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 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 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 reported 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 condition is described in the accompanying Schedule of Findings & Questioned Cost, Section II, as item A-1.

EMERGENCY AID CENTER  
REPORT ON COMPLIANCE AND INTERNAL CONTROL  
PAGE TWO

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, the reportable condition described above as item A-1 is 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.

*Guidry & Chauvin, CPA's*  
Certified Public Accountants

Franklin, Louisiana  
May 24, 1999

SCHEDULES AND DATA COLLECTION FORM

EMERGENCY AID CENTER  
FRANKLIN, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 1998

We have audited the financial statements of Emergency Aid Center, as of and for the year ended December 31, 1998, and have issued our report thereon dated May 24, 1999. 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. Our audit of the financial statements as of December 31, 1998 resulted in an unqualified opinion.

**Section I Summary of Auditor's Report**

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses  Yes \_\_\_ No      Reportable Conditions  Yes \_\_\_ No

Compliance

Compliance Material to Financial Statements \_\_\_ Yes  No

b. Federal Awards - There are no federal awards.

c. Identification of Major Programs:

None - There are no federal awards.

**Section II Financial Statement Findings**

A-1 Inadequate Segregation of Accounting Functions:

*Condition:* The Center's accounting system does not provide for adequate segregation of duties in the areas of cash receipts, cash disbursements, and account reconciliation.

*Criteria:* Internal controls should be in place to provide reasonable assurance that funds are not misappropriated and that the Center is in compliance with rules and regulations.

*Effect:* Because of the inadequate segregation of accounting functions, the Center could be placing themselves at risk for misappropriation of funds.

*Recommendation:* The Center has made several attempts to segregate some of the accounting functions. They have hired an independent accounting firm to reconcile bank accounts and to compile monthly financial statements. 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.



EMERGENCY AID CENTER  
FRANKLIN, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 1998

**Section III Findings and Questioned Costs - Major Federal Award Program Audit**

There are no federal awards.

EMERGENCY AID CENTER  
FRANKLIN, LOUISIANA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND MANAGEMENT'S  
CORRECTIVE ACTION PLAN FOR PRIOR AUDIT FINDINGS

<u>Ref. No.</u>	<u>Fiscal Year Finding Initially Occured</u>	<u>Description of Finding</u>	<u>Corrective Action Taken (Yes, No Partially)</u>	<u>Planned Corrective Action/Partial Corrective Action Taken</u>
<u>1</u>	<u>1993</u>	<u>Inadequate Segregation Of Accounting Functions</u>	<u>Yes</u>	<u>The Center has hired an independent accountant to reconcile bank accounts and compile monthly financial statements. However, due to the size of the operation and the cost-benefit of additional personnel, segregation of duties may never be acheived.</u>