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FINANCIAL STATEMENTS AND  
AUDITORS' REPORTS

RED RIVER EMPLOYMENT SERVICES, INC.

Shreveport, Louisiana

June 30, 1999

Under provisions of state law, this report is a public document. A copy of this report is submitted to the following public entities: the State Auditor, the State Auditor's Office, the State Auditor's Office of 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 1/5/00

**RED RIVER EMPLOYMENT SERVICES, INC.**  
**Shreveport, Louisiana**

**FINANCIAL STATEMENTS AND AUDITORS' REPORTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

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## DAUZAT, BEALL & DEBEVEC, CPAs

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### INDEPENDENT AUDITORS' REPORT

To The Board of Directors  
Red River Employment Services, Inc.

We have audited the accompanying statement of financial position of Red River Employment Services, Inc. (a nonprofit corporation) as of June 30, 1999, and the related statement of activities and statement of cash flows for the fiscal year then ended. These financial statements are the responsibility of the Corporation's board of directors. 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 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 audit provides 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 Red River Employment Services, Inc. as of June 30, 1999, and the changes in 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 a report dated October 8, 1999, on our consideration of Red River Employment Services, Inc.'s internal control structure and on its compliance with laws and regulations.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the financial statements. Such information has been subjected to the procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

*Dwyer, Beall & DeBevec*

Certified Public Accountants  
October 8, 1999

**RED RIVER EMPLOYMENT SERVICES, INC.**  
**Statement of Financial Position**  
June 30, 1999

**ASSETS**

Cash and cash equivalents	\$ 40,313
Grants receivable	19,454
Other receivables	41
Property and equipment (net)	11,948
Organization costs (net)	154
Deposits	<u>400</u>
TOTAL ASSETS	<u>\$ 72,310</u>

**LIABILITIES**

Accounts payable	\$ 4,854
Payroll taxes payable	3,837
Salaries payable	<u>5,212</u>
TOTAL LIABILITIES	13,903

**NET ASSETS**

Unrestricted	<u>58,407</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 72,310</u>

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

**RED RIVER EMPLOYMENT SERVICES, INC.**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended June 30, 1999

**UNRESTRICTED NET ASSETS**

Support	
LA Rehabilitation Services	\$ 228,470
LA Office of Mental Health	<u>41,841</u>
Total unrestricted support	<u>270,311</u>
Expenses	
Program services	
Job coaching	148,158
Assessment	59,263
Job Development	39,509
Grant (LRS)	5,259
Consulting	3,159
JOBS Program	16,338
Supporting services	
Administrative	<u>6,354</u>
Total expenses	<u>278,040</u>
Decrease in unrestricted net assets	(7,729)
<b>Net assets at beginning of period</b>	<u>66,136</u>
<b>Net assets at end of period</b>	<u>\$ 58,407</u>

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

**RED RIVER EMPLOYMENT SERVICES, INC.**  
**Statement of Cash Flows**  
For the Year Ended June 30, 1999

**Cash Flows from Operating Activities:**

Decrease in Net Assets	\$ (7,729)
Adjustments to reconcile Decrease in Net Assets to Net Cash from Operating Activities:	
Depreciation	3,923
Amortization	153
Decrease in Grants Receivable	25,253
Increase in Other Receivables	(18)
Increase in Accounts Payable	774
Decrease in Payroll Taxes Payable	(2,949)
Increase in Salaries Payable	3,232
Net Cash from Operating Activities	<u>22,639</u>

**Cash Flows from Investing Activities:**

Purchase of Equipment	<u>(6,397)</u>
Net Cash used in Investing Activities	<u>(6,397)</u>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>16,242</b>
<b>Cash and Cash Equivalents at Beginning of Period</b>	<u>24,071</u>
<b>Cash and Cash Equivalents at End of Period</b>	<u><u>\$ 40,313</u></u>

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

**RED RIVER EMPLOYMENT SERVICES, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 1999**

**NOTE 1      NATURE OF ACTIVITIES**

Red River Employment Services, Inc. was created on March 23, 1994 as a non-profit corporation as defined by the Louisiana non-profit corporation law (Title 12, Chapter 2, LA Revised Statutes of 1950 as revised and codified by Act 105 of 1968, Legislature of Louisiana and as amended). Red River Employment Services, Inc. serves the parishes of Caddo, Bossier, Webster, Claiborne, Bienville, Red River, Desoto, Sabine, Natchitoches and Winn in accordance to the state plan of Louisiana Office of Human Services for Region VII.

Red River Employment Services, Inc. provides supportive employment services to individuals with serious psychiatric disabilities as defined by Louisiana Rehabilitation Services, and to encourage self support among those individuals served by the **Organization** in the area of employment.

The corporation is organized on a non-stock basis under the authority of the provisions of Louisiana law, particularly LA R.S. of 1950, Title 12, Sections 201-269, as amended.

The corporation qualifies as an exempt organization under Section 501 (a) of the Internal Revenue Code as an organization described in Section 501 (c)(3), and is treated as a publicly supported organization, and not as a private foundation during an advance ruling period beginning April 19, 1994 and ending June 30, 1999.

The accompanying financial statements of the **Organization** presents the financial position and changes in net assets of the various programs. All activities of the **Organization** are included in these financial statements.

**NOTE 2      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Presentation:

Financial statement presentation follows 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 net assets, and permanently restricted net assets.



**RED RIVER EMPLOYMENT SERVICES, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 1999**

**NOTE 2      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Basis of Accounting:

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The financial statements have been prepared on the accrual basis of accounting whereby revenues are recognized in the accounting period in which they are earned. Expenses are recognized in the accounting period in which the liability is incurred, if measurable.

Budget Policy:

Budgets for the various programs are prepared by the **Organization's** Executive Director and approved by the grantor of the funds for each respective program. Budgets are prepared on a basis consistent with generally accepted accounting principles.

Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles include the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

Property and Equipment:

All fixed assets are stated at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are stated at their estimated fair market value on the date of donation.

Depreciation is provided in the financial statements over estimated useful lives on a straight-line basis. The following estimated useful lives are generally used:

Furniture and equipment	5 to 15 years
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Expenses for additions, major renewals and betterments are capitalized and expenses for maintenance and repairs are charged to operations as incurred.

**RED RIVER EMPLOYMENT SERVICES, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 1999**

**NOTE 2      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Cash and Cash Equivalents:

For purposes of the statement of cash flows, cash equivalents include time deposits, certificates of deposits, and all highly liquid debt instruments with original maturities of three months or less.

**NOTE 3      FUNDING POLICIES AND SOURCES OF FUNDS**

The **Organization** receives its monies through various methods of funding. Funds are provided under grant awards and received under a cost reimbursement method.

**NOTE 4      BOARD OF DIRECTORS' COMPENSATION**

The Board of Directors is a voluntary board; therefore, no compensation has been paid to any member.

**NOTE 5      ACCOUNTS RECEIVABLE**

Grants receivable at June 30, 1999, consist of reimbursements for services provided under the following programs:

LA Rehabilitation Services	\$ 11,672
Office of Mental Health	<u>7,782</u>
	<u>\$ 19,454</u>

**NOTE 6      INCOME TAX STATUS**

The **Organization** is classified as a Section 501 (c)(3) Organization under the Internal Revenue Code. As a result, it has been determined to be exempt from federal and state income taxes.

**RED RIVER EMPLOYMENT SERVICES, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 1999**

**NOTE 7      PROPERTY AND EQUIPMENT**

A summary of property and equipment and accumulated depreciation at June 30, 1999 follows:

	<b>Property and Equipment</b>			
	<u>Balance</u> <u>7/01/98</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/99</u>
Furniture & equipment	\$ 14,491	\$ 6,397		\$ 20,888
Total	<u>\$ 14,491</u>	<u>\$ 6,397</u>	<u>      </u>	<u>\$ 20,888</u>
	<b>Accumulated Depreciation</b>			
	<u>Balance</u> <u>7/01/98</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/99</u>
Furniture & equipment	\$ 5,017	\$ 3,923		\$ 8,940
Total	<u>\$ 5,017</u>	<u>\$ 3,923</u>	<u>      </u>	<u>\$ 8,940</u>

Any equipment purchased must be used for program services for ten years or the equipment will revert to the Louisiana Rehabilitation Services.

**NOTE 8      COLLATERALIZATION OF BANK DEPOSITS**

The total amount of deposits in financial institutions at June 30, 1999, was \$43,400. This amount was insured against loss by the Federal Depositors Insurance Corporation (FDIC).

**RED RIVER EMPLOYMENT SERVICES, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 1999**

**NOTE 9      JUDGEMENTS, CLAIMS AND SIMILAR CONTINGENCIES**

There is no litigation pending against the **Organization** as of June 30, 1999. Furthermore, the **Organization's** management believes that any potential lawsuits would be adequately covered by insurance.

The ability of Red River Employment Services, Inc. to continue its operations is contingent upon continued funding from Louisiana Rehabilitation Services and Office of Mental Health.

The **Organization** receives support from various Federal and State grant programs which are subject to final review and approval as to allowability of expenditures by the respective grantor agencies. Any settlements or expenses arising out of a final review are recognized in the period in which agreed upon by the agency and the **Organization**. Also, it is management's opinion that any audits by the grantor agencies would not produce disallowed program costs and liabilities to such an extent that they would materially affect the **Organization's** financial position.

**NOTE 10      FUNCTIONAL ALLOCATION OF EXPENSES**

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activity. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**NOTE 11      COMPENSATED ABSENCES**

Accrued leave does not accumulate from one year to the next, therefore no amounts have been recorded in the financial statements.

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

Board of Directors  
Red River Employment Services, Inc.  
Shreveport, Louisiana

We have audited the financial statements of Red River Employment Services, Inc. as of and for the year ended June 30, 1999 and have issued our report thereon dated October 8, 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.

#### Compliance

As part of obtaining reasonable assurance about whether Red River Employment Services, 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 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 Red River Employment Services, 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 internal control over financial reporting would not necessarily disclose all matters in 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 all applicable state and federal agencies. However, this report is a matter of public record and its distribution is not limited.

*Dayat, Beall & DeBene*

Certified Public Accounts  
October 8, 1999