

**SOUTHWEST LOUISIANA EDUCATION &
REFERRAL CENTER, INC.**

**FINANCIAL STATEMENTS AND INDEPENDENT
AUDITORS' REPORTS**

Year Ended December 31, 2003

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the 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 5-26-04

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INDEPENDENT AUDITORS' REPORT


To the Board of Directors
Southwest Louisiana Education &
Referral Center, Inc.
Lafayette, Louisiana

We have audited the accompanying statement of financial position of Southwest Louisiana Education & Referral Center, Inc. (SLERC) (a not-for-profit corporation) as of December 31, 2003 and the related statements of activities, functional expenses and cash flows for the year ended December 31, 2003. These financial statements are the responsibility of SLERC's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. 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 and the provisions of the Louisiana Governmental Audit Guide. 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 SLERC as of December 31, 2003, and the changes in net assets and its cash flows for the year ended December 31, 2003 in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 26, 2004, on our consideration of SLERC's internal control over financial reporting and our test of compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.


Louis R. Rolfes II, CPA, APAC
Lafayette, Louisiana
March 26, 2004

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

To the Board of Directors
Southwest Louisiana Education &
Referral Center, Inc.
Lafayette, Louisiana

We have audited the financial statements of Southwest Louisiana Education & Referral Center, Inc. (SLERC) (a not-for-profit corporation) as of and for the year ended December 31, 2003, and have issued our report thereon dated March 26, 2004. We conducted our audit in accordance with U.S. 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 and the provisions of the Louisiana Governmental Audit Guide.

COMPLIANCE As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of SLERC'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 VITA's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the Board of Directors, Lafayette Consolidated Government, management, the local Board of United Way, and the U.S. Department of Health & Hospitals Division of Fiscal Management. However, this report is a matter of public record, and its distribution is not limited.

Louis R. Roffes II, CPA, APAC
Lafayette, Louisiana
March 26, 2004

Southwest Louisiana Education & Referral Center
Statement of Financial Position
As of December 31, 2003

| | |
|-----------------------------------|--------------------------|
| ASSETS | |
| Current Assets | |
| Checking/Savings (Note A) | |
| Operating | 7,284 |
| Limited | 414 |
| DDS | 55,398 |
| Helpline | 16,971 |
| Project RX | 41,458 |
| Tel-Med | 7,630 |
| Total Checking/Savings | <u>129,155</u> |
| Other Current Assets | |
| Grants Receivable (Note F) | 76,955 |
| Prepaid Insurance | 765 |
| Operating Reserve | 104,312 |
| Total Other Current Assets | <u>182,032</u> |
| Total Current Assets | 311,188 |
| Fixed Assets (Note A) | |
| Equipment | 94,774 |
| Leasehold Improvements | 19,718 |
| Accumulated Depreciation | (104,004) |
| Total Fixed Assets | <u>10,488</u> |
| TOTAL ASSETS | <u><u>\$ 321,676</u></u> |

See Accompanying Notes to Financial Statements

Southwest Louisiana Education & Referral Center
Statement of Financial Position
As of December 31, 2003

| | |
|--|--------------------------|
| LIABILITIES & EQUITY | |
| Liabilities | |
| Current Liabilities | |
| Other Current Liabilities | |
| Accounts Payable | 2,705 |
| Payroll Liabilities | 1,427 |
| Deferred Revenue (Note A) | 56,153 |
| Lease Payable - Copier (Note G) | 4,532 |
| Total Other Current Liabilities | <u>64,817</u> |
| Total Current Liabilities | <u>64,817</u> |
| Total Liabilities | 64,817 |
| Equity | |
| Net Assets | |
| Unrestricted | 114,600 |
| Temporarily Restricted | 142,259 |
| Total Net Assets | <u>256,859</u> |
| Total Equity | <u>256,859</u> |
| TOTAL LIABILITIES & EQUITY | <u><u>\$ 321,676</u></u> |

See Accompanying Notes to Financial Statements

Southwest Louisiana Education & Referral Center
Statement of Activities
For the Year Ended December 31, 2003

| | Unrestricted | Temporarily Restricted | Total |
|--|------------------------------|------------------------------|------------------------------|
| Revenue & Support: | | | |
| Detention Home (Note B) | - | 25,000 | 25,000 |
| DDS Contract Revenue (Note B) | - | 33,572 | 33,572 |
| Project Rx - Fundraising/Donations | - | 50,240 | 50,240 |
| Helpline Donations | - | 28,353 | 28,353 |
| Lafayette Consolld. Government (Note B) | - | 83,741 | 83,741 |
| United Way (Note B) | 125,036 | 40,000 | 165,036 |
| Miscellaneous Donations | 29,278 | - | 29,278 |
| Safety Net | - | 100 | 100 |
| Tel Law | - | 6,500 | 6,500 |
| Total Cash Support | <u>154,314</u> | <u>267,506</u> | <u>421,820</u> |
| In-Kind Support (Note C): | | | |
| Donated Facilities | 12,864 | - | 12,864 |
| Donated Services | 138,919 | - | 138,919 |
| Total In-Kind Support | <u>151,783</u> | <u>-</u> | <u>151,783</u> |
| Revenue: | | | |
| Interest | <u>1,407</u> | <u>-</u> | <u>1,407</u> |
| Total Revenue & Support | <u><u>\$ 307,504</u></u> | <u><u>\$ 267,506</u></u> | <u><u>\$ 575,010</u></u> |

See Accompanying Notes to Financial Statements

Southwest Louisiana Education & Referral Center
Statement of Activities
For the Year Ended December 31, 2003

| | Unrestricted | Temporarily Restricted | Total |
|--|-------------------|---------------------------|-------------------|
| Expenses: | | | |
| Program services (cash) | 278,656 | - | 278,656 |
| Program services (in-kind) | 151,783 | - | 151,783 |
| Depreciation expense | - | - | - |
| | <hr/> | | |
| Total program services expenses | 430,439 | - | 430,439 |
| Supporting services: | | | |
| Management and general | 81,711 | - | 81,711 |
| Fundraising expenses | 1,214 | - | 1,214 |
| Depreciation expense | 10,612 | - | 10,612 |
| | <hr/> | | |
| Total supporting services | 93,537 | - | 93,537 |
| | <hr/> | | |
| Total expenses | 523,976 | - | 523,976 |
| | <hr/> | | |
| Change in net assets | (216,472) | 267,506 | 51,034 |
| Net assets released from restrictions | 189,626 | (189,626) | - |
| Net assets, beginning of year | 132,481 | 64,379 | 196,860 |
| Prior period adjustment (Note H) | 8,965 | - | 8,965 |
| | <hr/> | | |
| Net assets, end of year | \$ 114,600 | \$ 142,259 | \$ 256,859 |
| | <hr/> <hr/> | | |

See Accompanying Notes to Financial Statements

Southwest Louisiana Education & Referral Center, Inc.
Statement of Cash Flows
For the Year Ended December 31, 2003

OPERATING ACTIVITIES

| | | |
|--|--------------|---------------------|
| Change in net assets | | \$ 51,034.00 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Depreciation | \$ 10,612.00 | |
| (Increase) in grants receivable | (76,955.00) | |
| Decrease in prepaid insurance | 435.00 | |
| (Decrease) in accounts payable | (1,932.00) | |
| Increase in payroll liabilities | 1,427.00 | |
| Increase in deferred revenue | 56,153.00 | |
| Total adjustments | | <u>(10,260.00)</u> |
| Net cash provided by operating activities | | <u>40,774.00</u> |

INVESTING ACTIVITIES

Net cash used by investing activities -

FINANCING ACTIVITIES

| | | |
|---|------------|-----------------------------|
| Capital lease payments made | (3,019.00) | |
| Net cash used by financing activities | | (3,019.00) |
| Adjustment to beginning accumulated depreciation | | 590.00 |
| Prior period adjustment | | <u>8,965.00</u> |
| Net increase in cash and cash equivalents | | 47,310.00 |
| Cash and cash equivalents, beginning of year | | <u>186,157.00</u> |
| Cash and cash equivalents, end of year | | <u><u>\$ 233,467.00</u></u> |

Southwest Louisiana Education & Referral Center, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2003

| Cash Expenses: | Program | Supporting | Total |
|---|-------------------|-------------------|-------------------|
| Advertising | - | 360 | 360 |
| Audit | - | 3,550 | 3,550 |
| Bank Service Charges | 52 | 370 | 422 |
| Charitable Contributions | - | 35 | 35 |
| Computer | 6,018 | 1,504 | 7,522 |
| Dues | - | 317 | 317 |
| Equipment Rental | 1,012 | 253 | 1,265 |
| Insurance | 4,457 | 1,114 | 5,571 |
| Interest Expense | - | 15 | 15 |
| Literature | 1,770 | - | 1,770 |
| Lobbying Expense | - | 1,000 | 1,000 |
| Meals & Entertainment | - | 126 | 126 |
| Meetings | 1,615 | - | 1,615 |
| Office Expense | 4,076 | 1,019 | 5,095 |
| Payroll Taxes | 9,248 | 6,022 | 15,270 |
| Postage | 9,045 | - | 9,045 |
| Professional Fees | - | 4,078 | 4,078 |
| Program Expenses | 69,671 | - | 69,671 |
| Rent | 15,600 | - | 15,600 |
| Repairs & Maintenance | 2,247 | - | 2,247 |
| Salaries | 136,751 | 58,608 | 195,359 |
| Seminars & Conferences | 3,119 | - | 3,119 |
| Taxes & Licenses | - | 45 | 45 |
| Telephone | 8,738 | 2,185 | 10,923 |
| Travel | 796 | - | 796 |
| Utilities | 4,441 | 1,110 | 5,551 |
| Total Cash Expenses | <u>278,656</u> | <u>81,711</u> | <u>360,367</u> |
| Non-Cash (in-kind) Expenses: | | | |
| Donated facilities | 12,864 | - | 12,864 |
| Donated professional services | 138,919 | - | 138,919 |
| Total Non-Cash Expenses | <u>151,783</u> | <u>-</u> | <u>151,783</u> |
| Total expenses before depreciation & fundraising | 430,439 | 81,711 | 512,150 |
| Fundraising Expense | 1,214 | - | 1,214 |
| Depreciation | - | 10,612 | 10,612 |
| Total Expenses | <u>\$ 431,653</u> | <u>\$ 92,323</u> | <u>\$ 523,976</u> |

See Accompanying Notes to Financial Statements

SOUTHWEST LOUISIANA EDUCATION & REFERRAL CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2003

Note A – Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities

SLERC is a nonprofit community-based information and referral organization founded in December 1965 for the purpose of assisting people in times of crisis. The mission of Southwest Louisiana Education & Referral Center, Inc. (SLERC) is to see that, in times of personal crisis, people can call the organization's hotline and be assured of assistance and/or advocacy. SLERC administers the following programs:

| | |
|-----------------------------------|------------------|
| Enhanced I & R – 211 | Milk Fund |
| Donated Dental Services | Tel-Med |
| Detention Home Physician Services | Tel-Law |
| Developmental Disabilities | Teen Call |
| Drug Education Booklets | Kid Call |
| Epilepsy Task Force | Parentline |
| Eyeglass Program | Unwed Mothers |
| Helpline | Veneral Disease |
| Project RX | Vial of Life |
| Medical Appliances | Legal Assistance |
| Internet Website | Nutrition Line |
| Counseline | |

Financial Statement Presentation

The Board of Directors adopted provisions of Statement of Financial Accounting Standards No. 116, **Accounting for Contributions Received and Contributions Made** and No. 117, **Financial Statements of Not-for-Profit Organizations** as of April 1, 1995. Statement of Financial Accounting Standards No. 116 requires the Board to distinguish between contributions that increase permanently restricted net assets, temporarily restricted net assets and unrestricted net assets. It also requires recognition of contributed services meeting certain criteria at fair values. Statement No. 117 establishes standards for general purposes external financial statements of not-for-profit organizations and requires a statement of financial position, a statement of activities, a statement of functional expenses and a statement of cash flows.

Estimates

The preparation of financial statements in conformity with U.S. 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.

Income Tax Status

The organization 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.

Property and Equipment

Property and equipment purchased is recorded at cost. The fair market value of donated assets is similarly capitalized and the donation recorded as restricted or unrestricted support. Depreciation is computed on the straight-line method over the estimated useful lives of the individual assets; generally five to seven years.

Accrual Basis of Accounting

The books are routinely maintained on a cash basis and are converted to the accrual basis at year-end for these financial statements. Accrual basis accounting records revenue when earned rather than when received and records expenses when incurred rather than when paid, in accordance with U.S. generally accepted accounting principles.

Accounting for Restricted/Unrestricted Support

SLERC reports gifts of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets, and the restrictions are met in the reporting period. The expense of these funds is reported as unrestricted, with a corresponding "net assets released from restrictions" transfer.

Deferred Revenue - Grants and exchange transactions

Some grants are actually "exchange transactions" that do not qualify as contributions under SFAS 116. In such cases, revenue is not recognized until the services required by the grant are rendered. Until the revenue is recognized, any cash or grant receivable asset must be offset by a "deferred or unearned revenue" liability. These exchange transactions differ from contributions in that the method or type of services reimbursed is stipulated by the granting authority and not by the nonprofit organization.

Cash Equivalents

For purposes of the statement of cash flows, SLERC considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Compensated Absences

Under SFAS 43, an employer generally is required to accrue a liability for employees' rights to receive compensation for future absences. The amount of the compensation is not reasonably estimable and, therefore, no such liability has been accrued. All employees must take all annual leave before December 31 of each year; therefore management believes that any unrecorded liability amounts at December 31, 2003 would be immaterial.

Concentration of Credit Risk

Accounts at an institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000. SLERC has all of its checking accounts at Bank One. Total cash in SLERC's checking accounts exceeded Federally insured limits by \$133,467 as of December 31, 2003. This is a significant concentration of risk and will be remedied in future years by transferring the Operating Reserve account to another bank.

Note B – State and Local Financial Assistance and Grant Awards & Expenditures

| <u>State/Local Funds</u> | <u>Total Grant</u> | <u>Current Year Disbursements</u> |
|--|--------------------------|-----------------------------------|
| Lafayette Consolidated Government | 65,000* | 83,741 |
| Detention Home (through L.C.G.) | 25,000 | 25,000 |
| Department of Health & Hospitals | 33,572 | 33,572 |
| <u>Other</u> | | |
| United Way(\$40,000 restricted for Project Rx) | <u>165,000</u> | <u>165,036</u> |
| Total | <u>\$ 288,572</u> | <u>\$ 307,349</u> |

Since all state grants are of a reimbursable nature, grant revenue and expenditures are essentially equal.

*Grant year November 1, 2003 through October 31, 2004. Current year disbursements include disbursements from grant year November 1, 2002 through October 31, 2003 in addition to two months of the current year's grant.

Note C – Contributed Services & Facilities (In-Kind)

Contributed services of volunteers are recognized in the statement of activities if the services received:

- (a) Create or enhance non-financial assets (land, building, etc.); or
- (b) Require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donations.

Amounts meeting these criteria have been recognized in the following areas:

| | |
|--|--------------------------|
| Donated rent | \$ 12,864 |
| Donated professional (physicians/lab services) | <u>138,919</u> |
| TOTAL | <u>\$ 151,783</u> |

Note D – Subsequent Events

Subsequent to the balance sheet date of December 31, 2003, but prior to the issuance of this report, SLERC received a renewal of the United Way grant for \$156,750 (\$38,000 designated for Project RX and \$118,750 designated for Enhanced I & R services). SLERC's contract with the Louisiana Bar Association has also been renewed for \$6,000 annually (\$500 less than the 2003 contract amount) for the Tel-Law program.

Note E – Lease Commitments

SLERC entered into a five-year lease commencing on October 1, 1999 and expiring on the last day of September 2004. The lease calls for a base monthly rent of \$1,300 (SLERC occupies 3,350 square feet) and requires SLERC to provide its own utilities, maintenance, and janitorial service. The lease also requires SLERC to pay the first \$500 should a major breakdown occur in the air conditioning and heating system. The lease is at a rate significantly less than fair market value (\$4.66/square foot). The donated portion is recorded in the line item "donated services and facilities" in the Statement of Activities. See footnote C for further explanation of the proper accounting of donated services and facilities.

Scheduled payments under current lease obligations:

| | |
|------|---------------------|
| 2004 | \$11,700 (9 months) |
|------|---------------------|

Note F – Grants Receivable

| | |
|--|---|
| Lafayette Consolidated Government DDS Grant | \$ 56,955 (balance of 03-04 grant) <u>20,000</u> |
| Total | <u>\$ 76,955</u> |

Note G – Copier Lease

SLERC entered into an agreement with Canon Financial Services on July 2, 2001 for the purchase of a Canon digital copier. Since this lease is essentially a financing agreement, the sum of the standard payments (\$12,263.60) was capitalized and is being depreciated with a corresponding liability for the remaining payments.

Note H – Prior Period Adjustment

The prior period adjustment is a result of the cash to accrual conversion for recognizing grants receivable and deferred grant revenue.

Concluded