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**YOUNG EMERGING LEADERS OF LOUISIANA
BATON ROUGE, LOUISIANA**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2003

DESIREE' W. HONORE'
Certified Public Accountant
A Professional Corporation

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 5.12.04

YOUNG EMERGING LEADERS OF LOUISIANA, INC.
BATON ROUGE, LOUISIANA

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2003

CONTENTS

<u>INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS</u>	1
 <u>FINANCIAL STATEMENTS</u>	
Statement of Financial Position	2
Statement of Activities and Changes in Net Assets	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
<u>NOTES TO FINANCIAL STATEMENTS</u>	6 - 7
<u>REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS</u>	8-9
<u>SCHEDULE OF FINDINGS AND QUESTIONED COSTS</u>	10

Desiree' W. Honore', CPA

4264 Pasture Clear Court
Zachary, Louisiana 70791
Telephone: (225) 658-7854
Email: DHONORE@AOL.COM

A Professional Corporation

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

To the Board of Directors
Young Emerging Leaders of Louisiana, Inc.
Baton Rouge, Louisiana

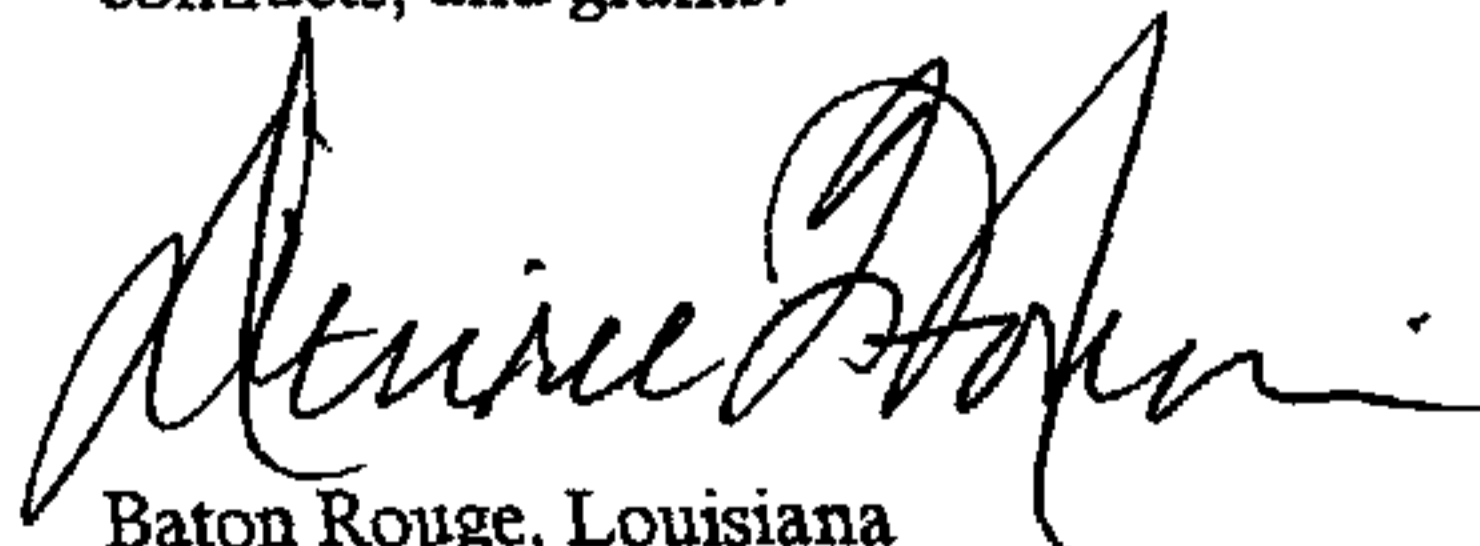
I have audited the accompanying statement of financial position of Young Emerging Leaders of Louisiana, Inc. (a nonprofit organization) as of June 30, 2003, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the YELL's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Young Emerging Leaders of Louisiana, Inc. as of June 30, 2003, and the changes in its net assets and its cash flows for the year ended in accordance with generally accepted accounting principles.

As shown in the financial statements, the Organization has suffered recurring significant reductions in grant revenue. This factor, as disclosed in Note 2, raises substantial doubt about the Organization's ability to continue as a going concern. These financial statements do not include any adjustments that might result from the outcome of this uncertainty.

In accordance with Government Auditing Standards, I have also issued my report dated April 1, 2004, on my consideration of Young Emerging Leaders of Louisiana, Inc.'s internal control over financial reporting and my tests of compliance with certain provisions of laws, regulations, contracts, and grants.



Baton Rouge, Louisiana
April 1, 2004

YOUNG EMERGING LEADERS OF LOUISIANA, INC.
(A NOT FOR PROFIT ORGANIZATION)
BATON ROUGE, LOUISIANA

STATEMENT OF FINANCIAL POSITION
JUNE 30, 2003

ASSETS

CURRENT ASSETS

Cash and cash equivalents	(\$10,319)	
Accounts Receivable	<u>65,817</u>	
Total current assets		<u>55,498</u>

PROPERTY AND EQUIPMENT

Equipment	18,606	
Furniture and fixtures	9,547	
Automobiles	81,638	
	<u>(83,171)</u>	
Total property and equipment		<u>26,619</u>

Total assets		<u>\$82,117</u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable and accrued expenses	\$20,500	
Payroll taxes payable	<u>6,509</u>	
Total current liabilities		<u>27,009</u>

NET ASSETS - UNRESTRICTED

	<u>55,108</u>	
		<u>55,108</u>

Total liabilities and net assets		<u>\$82,117</u>
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The accompanying notes are an integral part of this statement.

YOUNG EMERGING LEADERS OF LOUISIANA, INC.
(A NOT FOR PROFIT ORGANIZATION)
BATON ROUGE, LOUISIANA

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
JUNE 30, 2003

SUPPORT AND REVENUE

Grant from Department of Education (TANF)	\$154,707
Grant from Louisiana Leadership Institute	18,800
Summer Academy	8,277
Donations	325
Interest Income	19
Total support and revenue	<u>182,128</u>

EXPENSES

Program services	
Urban Affairs	7,249
Department of Education	171,666
State Treasury	43,554
Summer Academy	8,961
Administration	22,267
Total Expenses	<u>253,697</u>

CHANGE IN NET ASSETS (71,569)

Net assets - beginning of period	<u>126,677</u>
Net assets - end of period	<u>\$55,108</u>

The accompanying notes are an integral part of this statement.

YOUNG EMERGING LEADERS OF LOUISIANA, INC.
(A NOT FOR PROFIT ORGANIZATION)
BATON ROUGE, LOUISIANA

STATEMENT OF FUNCTIONAL EXPENSES
JUNE 30, 2003

	<u>Total</u>	<u>Urban Affairs</u>	<u>TANF</u>	<u>Treasury</u>	<u>Summer Academy</u>
ADMINISTRATIVE					
Auto Supplies	3,648	-	984	2,664	-
Insurance	18,716	-	15,770	2,946	-
Postage	279	148	-	131	-
Professional Services	3,680	-	1,180	2,500	-
Rent	18,000	-	-	18,000	-
Repairs	1,991	710	689	592	-
Supplies	4,263	900	1,987	1,350	26
Telephone	4,893	-	3,325	1,568	-
PROGRAM EXPENSES					
Salaries and wages	119,274	-	119,274	-	-
Employee Benefits	3,771	-	3,771	-	-
Payroll taxes	12,718	-	12,718	-	-
Therapeutic and training supplies	17,014	1,371	6,116	5,980	3,548
Travel	5,998	-	-	4,318	1,680
Tutorial (Other) Assistance/Services	17,186	4,120	5,852	3,507	3,707
Total expenses before depreciation	231,430	7,249	171,666	43,554	8,961
Depreciation	22,267	-	-	-	-
Total Expenses	<u>\$253,697</u>	<u>\$7,249</u>	<u>\$171,666</u>	<u>\$43,554</u>	<u>\$8,961</u>

The accompanying notes are an integral part of this statement.

YOUNG EMERGING LEADERS OF LOUISIANA, INC.
(A NOT FOR PROFIT ORGANIZATION)
BATON ROUGE, LOUISIANA

STATEMENT OF CASH FLOWS
JUNE 30, 2003

CASH FLOWS FROM OPERATING ACTIVITIES:

Decrease in net assets	(\$71,569)
Depreciation	22,267
Adjustments to reconcile increase in net assets to net cash used by operating activities	
(Increase) decrease in operating assets	
Accounts Receivable	20,076
Decrease (increase) in operating liabilities	
Accounts Payable	946
Accrued Salaries and Wages	(10,501)
Payroll liabilities	<u>5,860</u>
Net cash provided by operating activities	<u>(32,922)</u>
INCREASE IN CASH	(32,922)
CASH AND CASH EQUIVALENTS - beginning of period	22,603
CASH AND CASH EQUIVALENTS - end of period	<u><u>(\$10,318)</u></u>

The accompanying notes are an integral part of this statement.

YOUNG EMERGING LEADERS OF LOUISIANA, INC.
(A NOT FOR PROFIT ORGANIZATION)
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2003

1. **Summary of Significant Accounting Policies**

a. **Operations**

Young Emerging Leaders of Louisiana, Inc. (YELL) provides tutorial instruction in ACT preparation, Louisiana High School exit examination, and general subjects to local youths. The organization conducts workshops on teen pregnancy, community awareness, and services to elderly citizens of the community. The organization is dedicated to providing educational, tutoring, arts, counseling, and related services to "at risk" youths.

b. **Basis of Preparation**

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 to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The organization had unrestricted net assets of \$55,108 as of June 30, 2003.

c. **Revenue**

Young Emerging Leaders of Louisiana, Inc. receives substantially all of its grant and contract revenue from state agencies. Revenue is recognized when services are provided. Expenses are recognized as incurred.

Any of the funding sources may, at its discretion, request reimbursement for expenses or return of funds, or both, as a result of non-compliance by YELL, Inc.

d. **Contributions**

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and or nature of any donor restrictions. YELL did not received any contributions with donor imposed restrictions during the year ended June 30, 2003.

YOUNG EMERGING LEADERS OF LOUISIANA, INC.
(A NOT FOR PROFIT ORGANIZATION)
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2003

e. Property and Equipment

Property and equipment are recorded at cost. Expenditures for maintenance, repairs, and minor renewals are charged against earnings as incurred. Major expenditures for renewals and betterments are capitalized. When items are retired or otherwise disposed on, the cost of the asset and the related accumulated depreciation are removed from the books. Any resulting gain or loss is credited to or charged against income. Depreciation is provided in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives (25 years for building and improvements, 3-7 years for furniture and equipment, and 5 years for vehicles), using straight-line method.

The organization had property and equipment totaling \$26, 619. This includes automobiles, computers, and other furniture.

f. Income Taxes

The Organization is a nonprofit organization that is exempt from federal income taxation under Section 501 (c) (3) of the Internal Revenue Code.

g. Cash and Cash Equivalents

Cash and cash equivalents consist of items having maturities of three months or less from the date of acquisition.

h. Concentrations of Credit Risk

The Organization maintains its cash balances in financial institutions located in Baton Rouge, Louisiana. The balances are insured by the Federal Deposit Insurance Corporation up to \$ 100,000.

2. Subsequent Events

The Organization has suffered recurring significant reductions in grant revenues. The Organization's contract with the Louisiana Department of Education terminated on September 30, 2003. The organization ceased operations. The organization's management has not addressed the final disposition of all assets.

Desiree' W. Honore', CPA

4264 Pasture Clear Court
Zachary, Louisiana 70791
Telephone: (225) 658-7854
Email: DHONORE@AOL.COM

A Professional Corporation

**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
Young Emerging Leaders of Louisiana, Inc.

I have audited the financial statements of Young Emerging Leaders of Louisiana, Inc. for the year ended June 30, 2003 and have issued my report thereon date April 1, 2004. I have conducted my 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 Young Emerging Leaders of Louisiana, Inc.'s financial statements are free of material misstatement, I 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 the financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance that are required to be reported under Government Auditing Standards which are described in the accompanying schedule of findings as Finding 03-01 and 03-02.

Internal Control Over Financial Reporting

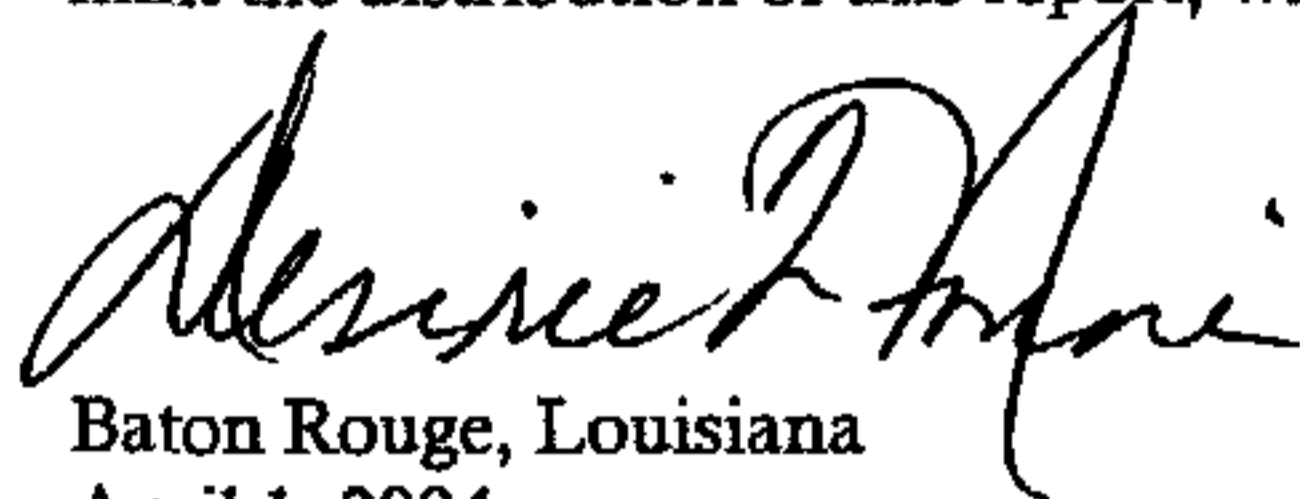
In planning and performing my audit, I considered Young Emerging Leaders of Louisiana, Inc.'s internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting.

However, I noted certain matters involving the internal control over financial reporting and its operations that I consider to be reportable conditions. Reportable conditions involve matters coming to my attention relating to financial reporting, that in my judgment, could adversely affect Young Emerging Leaders, Inc.'s ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The following reportable condition was identified:

- Management has not finalized with granting agencies the final disposition of assets held.

A material weakness is a reportable condition in which the design or operation of one or more the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. My consideration of the internal control over financial reporting would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, I believe that none of the reportable conditions described above is a material weaknesses. I also noted other matters involving the internal control over financial reporting, which I have reported to the management of Young Emerging Leaders, Inc. in a separate letter dated April 1, 2004.

This report is intended for the information of the Board of Directors, Management, Office of the Legislative Auditor, Grantor Agencies, and other oversight agencies. This restriction is not intended to limit the distribution of this report, which is a matter of public record.



Baton Rouge, Louisiana
April 1, 2004

YOUNG EMERGING LEADERS OF LOUISIANA, INC.
BATON ROUGE, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2003

03-1 Late Audit Report-Report is being submitted after the statutory and contract required date of December 31, 2003 in accordance with Louisiana Revised Statute 24:513.

The Organization ceased operations and all records were not readily available.

03-2 Payroll tax liabilities have not been reported in a timely fashion \$5,809 or remitted to the various taxing authorities.

The Organization has paid a large portion of these liabilities.

03-3 Cash Accounts were not reconciled during the year.

All accounts have been reconciled and closed.

Desiree' W. Honore', CPA

4264 Pasture Clear Court
Zachary, Louisiana 70791
Telephone: (225) 658-7854
Fax: (225) 658-8731

A Professional Corporation

April 1, 2004

To the Board of Directors
Young Emerging Leaders of Louisiana, Inc.
Baton Rouge, Louisiana

In planning and performing my audit of the financial statements of Young Emerging Leaders of Louisiana, Inc. for the year ended June 30, 2003, I considered the Organization's internal control in order to determine my auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during my audit, I became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. This letter does not affect my report date April 1, 2004, on the financial statements of Young Emerging Leaders of Louisiana, Inc.

I will review the status of these comments during my next audit engagement. I have already discussed my of these comments and suggestions with management, and I will be pleased to discuss these comments in further detail at your convenience, to perform any additional study on these matters, or to assist you in implementing the recommendations. My comments are summarized below:

Bank Cash Accounts

The reconciliation of bank accounts were not performed in a timely fashion. Several accounts were not reconciled and properly recorded in the general ledger.

I would recommend that the organization reconcile all bank accounts on a monthly basis.

Due to the size of the organization, it is also recommended that the Board Treasurer review the monthly cash reconciliations.

Payroll Tax Returns

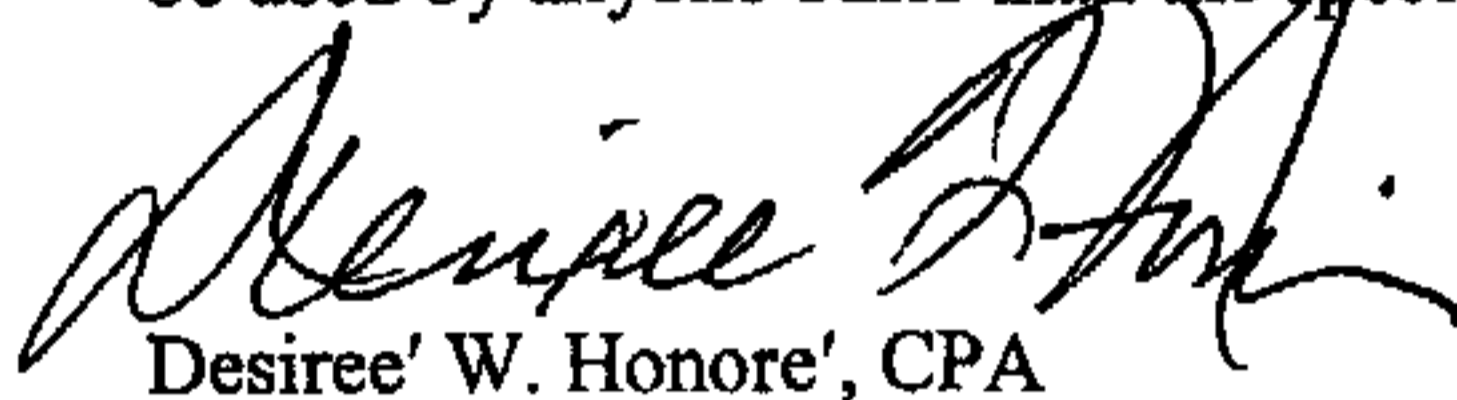
The Organization failed to file forms 941 in a timely fashion. Payroll taxes were also not remitted in a timely fashion. The Organization should ensure that all tax returns and taxes are paid by the required due date.

Disposal of Assets

The Organization's governing body should meet to decide the disposition of the Organization's fixed assets. Although the Organization has not been fully dissolved, the Organization should contact the Grantor Agencies to advise on the return or transfer of assets.

I wish to thank Marcia Williams for her support and assistance during the audit. Although the Organization has ceased operation, Ms. Williams has been helpful in the successful completion of this engagement.

This report is intended solely for the information and use of the Board of Directors, management, and others within the organization and is not intended to be and should not be used by anyone other than the specified parties.



Desiree W. Honore', CPA

Baton Rouge, Louisiana