

**SUNRISE HUMAN DEVELOPMENT AGENCY**

Donaldsonville, Louisiana

**FINANCIAL REPORT**

June 30, 2004

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 9-15-04

**SUNRISE HUMAN DEVELOPMENT AGENCY**  
Donaldsonville, Louisiana

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Sunrise Human Development Agency  
Donaldsonville, Louisiana

We have audited the accompanying statements of financial position of **SUNRISE HUMAN DEVELOPMENT AGENCY** (a non-profit organization) as of June 30, 2004 and 2003, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America, 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 **SUNRISE HUMAN DEVELOPMENT AGENCY** as of June 30, 2004 and 2003, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 27, 2004, on our consideration of **SUNRISE HUMAN DEVELOPMENT AGENCY**'s internal control over financial reporting and our tests of its 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.

*Faulk & Winkler, LLC*

Certified Public Accountants

Baton Rouge, Louisiana  
July 27, 2004

**SUNRISE HUMAN DEVELOPMENT AGENCY**  
Donaldsonville, Louisiana

**STATEMENTS OF FINANCIAL POSITION**

June 30, 2004 and 2003

	<b>ASSETS</b>	
	<u>2004</u>	<u>2003</u>
<b>CURRENT</b>		
Cash	\$ 21,487	\$ -
Accounts receivable	2,028	14,378
Prepaid expenses	<u>2,721</u>	<u>-</u>
Total current assets	26,236	14,378
<b>FURNITURE AND EQUIPMENT - net</b>	<u>986</u>	<u>1,642</u>
Total assets	<u>\$ 27,222</u>	<u>\$ 16,020</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Cash overdraft	\$ -	\$ 300
Accounts payable and accrued expenses	2,149	5,756
Note payable	<u>-</u>	<u>6,200</u>
Total current liabilities	2,149	12,256
<b>NET ASSETS</b>	<u>25,073</u>	<u>3,764</u>
Total liabilities and net assets	<u>\$ 27,222</u>	<u>\$ 16,020</u>

The accompanying notes to the financial statements  
are an integral part of this statement.

**SUNRISE HUMAN DEVELOPMENT AGENCY**  
Donaldsonville, Louisiana

**STATEMENTS OF ACTIVITIES**

For the years ended June 30, 2004 and 2003

	<u>2004</u>	<u>2003</u>
<b>REVENUE</b>		
Grants		
Louisiana Office of Urban Affairs & Development	\$ 300,000	\$ 282,000
Louisiana Office of Community Services	5,000	3,000
Other	32,619	81,240
Medicaid	<u>4,856</u>	<u>5,697</u>
Total revenue	<u>342,475</u>	<u>371,937</u>
<b>EXPENSES</b>		
Direct services	231,679	243,348
General and administrative	<u>89,487</u>	<u>109,321</u>
Total expenses	<u>321,166</u>	<u>352,669</u>
Increase in net assets	21,309	19,268
<b>NET ASSETS (deficit)</b>		
Beginning of year	<u>3,764</u>	<u>(15,504)</u>
End of year	<u>\$ 25,073</u>	<u>\$ 3,764</u>

The accompanying notes to financial statements  
are an integral part of this statement.

**SUNRISE HUMAN DEVELOPMENT AGENCY**  
 Donaldsonville, Louisiana

**STATEMENTS OF CASH FLOWS**

For the years ended June 30, 2004 and 2003

	<u>2004</u>	<u>2003</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase in net assets	\$ 21,309	\$ 19,268
Adjustments to increase in net assets:		
Depreciation	656	855
Change in operating assets and liabilities:		
Accounts receivable and prepaid expenses	9,629	(1,812)
Accounts payable and accrued expenses	<u>(3,907)</u>	<u>(5,165)</u>
Net cash provided by operating activities	<u>27,687</u>	<u>13,146</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Fixed asset acquisitions	<u>-</u>	<u>(2,213)</u>
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in cash overdraft	-	300
Proceeds from debt issuance	23,800	33,477
Payments to retire debt	<u>(30,000)</u>	<u>(52,277)</u>
Net cash used by financing activities	<u>(6,200)</u>	<u>(18,500)</u>
Net increase (decrease) in cash	21,487	(7,567)
 <b>CASH</b>		
Beginning of year	<u>-</u>	<u>7,567</u>
End of year	<u>\$ 21,487</u>	<u>\$ -</u>

The accompanying notes to financial statements  
 are an integral part of this statement.

**SUNRISE HUMAN DEVELOPMENT AGENCY**  
Donaldsonville, Louisiana

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization and operations**

Sunrise Human Development Agency (SHDA) is a non-profit corporation whose purpose is to promote and enhance the social and economic welfare of the general population of Ascension, St. James, St. John, Iberville and Assumption Parishes, State of Louisiana. SHDA promotes parenting skills and literacy, and educates the population on substance abuse.

**Basis of presentation**

The financial statements of SHDA have been prepared on the accrual basis. Accordingly, revenues are recognized when earned and expenses are recognized when incurred. The significant accounting policies are described below to enhance the usefulness of the financial statements.

SHDA reports information regarding their financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. SHDA does not have any temporarily restricted or permanently restricted net assets at June 30, 2004 and 2003.

The statement of activities presents the expenses of SHDA operations functionally between direct services, and general and administrative.

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates are used primarily when accounting for depreciation.

**Cash**

For purposes of the statement of cash flows, SHDA considers cash in bank accounts as cash. SHDA has no cash equivalents at June 30, 2004 and 2003.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Accounts receivable**

Accounts receivable represent grants from governmental units and agencies. SHDA does not require collateral. Since the majority of receivables are through government grants, management believes all accounts to be collectible at June 30, 2004 and 2003. Accordingly, a provision for doubtful accounts has not been recorded. Finally, SHDA considers receivables past due when it exceeds 30 days.

**Furniture, equipment and depreciation**

Furniture and equipment are recorded at cost and donated property is recorded at fair market value. Depreciation is computed using the straight-line method over the estimated service lives of the assets.

**Vacation and sick leave**

All full time employees of SHDA are entitled to annual vacation and sick leave. Employees are able to carryover 50% of unused sick days and ten vacation days to the subsequent year with a maximum of thirty days. At June 30, 2004 and 2003, accrued compensated absences were \$509 and \$434, respectively.

**Fair value financial instruments**

The carrying value of cash, accounts receivable and payable, and note payable approximate fair value due to the short-term maturity of these instruments.

**Reclassifications**

Certain amounts in the June 30, 2003 financial statements have been reclassified to conform to the June 30, 2004 financial statement presentation.

**Income taxes**

Sunrise Human Development Agency is a non-profit agency and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.



**NOTE 2 - FURNITURE AND EQUIPMENT**

Furniture and equipment, related services lives, and accumulated depreciation at June 30, 2004 and 2003 are as follows:

	<u>Estimated Service Lives</u>	<u>2004</u>	<u>2003</u>
Equipment	5-7 years	\$ 33,506	\$ 33,506
Furniture	7 years	16,277	16,277
Vehicles	5 years	<u>33,992</u>	<u>33,992</u>
		83,775	83,775
Less accumulated depreciation		<u>(82,789)</u>	<u>(82,133)</u>
		<u>\$ 986</u>	<u>\$ 1,642</u>

Depreciation expense was \$656 and \$855 for 2004 and 2003, respectively.

**NOTE 3 - NOTE PAYABLE**

SHDA has a \$30,000 revolving line of credit of which \$30,000 was unused at June 30, 2004. The credit line is unsecured and expires on December 31, 2004.

At June 30, 2003, \$6,200 was drawn on the line of credit at 7%, payable on demand and unsecured.

Cash paid for interest expense was \$869 and \$790 for 2004 and 2003, respectively.

**NOTE 4 - OPERATING LEASES**

SHDA rents office space on a month-to-month lease agreement. Rent expense for the office amounted to \$10,500 for 2004 and 2003.

**NOTE 5 - ECONOMIC DEPENDENCY**

Revenues from the State of Louisiana, for 2004 and 2003, are \$305,000 and \$285,000, respectively. Accordingly, SHDA is economically dependent on the State of Louisiana.

**NOTE 6 - CONCENTRATIONS OF CREDIT RISK**

Financial instruments which subject SHDA to concentrations of credit risk consist primarily of receivables. In addition, SHDA maintains cash in local banks, which may, at times, exceed the FDIC limits.

**Special Independent Auditors' Report**

**SUNRISE HUMAN DEVELOPMENT AGENCY**  
Donaldsonville, Louisiana

June 30, 2004



**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  
Sunrise Human Development Agency  
Baton Rouge, Louisiana

We have audited the financial statements of **SUNRISE HUMAN DEVELOPMENT AGENCY (SHDA)** (a non-profit organization) as of and for the year ended June 30, 2004, and have issued our report thereon dated July 27, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 **SHDA'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 **SHDA's** internal control over financial reporting 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 a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. 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 **SHDA'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 and Questioned Costs as Item 2004-1.

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 is also considered to be a material weakness as defined above.

This report is intended for the information of the Board of Directors, management, state and federal granting agencies, and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

*Faulk & Winkler, LLC*

Certified Public Accountants

Baton Rouge, Louisiana  
July 27, 2004

**SUNRISE HUMAN DEVELOPMENT AGENCY**  
Donaldsonville, Louisiana

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

June 30, 2004

**A) SUMMARY OF AUDIT RESULTS**

1. The auditor's report expresses an unqualified opinion on the financial statements of Sunrise Human Development Agency.
2. There were no instances of noncompliance material to the financial statements in relation to this audit.
3. There is one internal control finding that is described in Item 2004-1.

**B) FINDING – FINANCIAL STATEMENT AUDIT**

**2004-1 Segregation of Duties**

**Observation:** There is not sufficient segregation of duties to have effective internal control. The finding results from the small size of the organization. These limitations allow no opportunity for meaningful segregation of duties.

**Recommendation:** We recommend that the Treasurer review the following:

- Check disbursements and related supporting documentation,
- Monthly bank statement, canceled checks and related reconciliation,
- Monthly financial statements, including detailed general ledger review,
- Review monthly billing of revenue to the State of Louisiana.

**Management's corrective action plan:** We concur with the finding.

**SUNRISE HUMAN DEVELOPMENT AGENCY**  
Donaldsonville, Louisiana

**SCHEDULE OF PRIOR YEAR FINDINGS**

For the year ended June 30, 2004

**2003-1 Board of Directors' Meetings (resolved)**

**Prior year finding:**

During 2003, no meetings were held by SHDA's board of directors. However, approval of grant contracts and a rental agreement were obtained by telephone conferences with board members. SHDA's by-laws require one annual meeting in June and three other regular meetings to be held quarterly. During 2004, management held board meetings quarterly according to SHDA's by-laws. As a result, this finding is considered resolved.

**2003-2 – Segregation of Duties**

**Prior year finding:**

This finding has been reclassified at finding 2004-1.



**INDEPENDENT AUDITORS' REPORT  
ON SUPPLEMENTARY INFORMATION**

Board of Directors  
Sunrise Human Development Agency  
Donaldsonville, Louisiana

Our report on our audit of the basic financial statements of **SUNRISE HUMAN DEVELOPMENT AGENCY** for 2004 appears on page 1. We conducted our audit in accordance with auditing standards generally accepted in the United States of America for the purpose of forming an opinion on the basic financial statements taken as a whole. The Schedule of Operating Expenses and Statistical Information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Faulk & Winkler, LLC*

Certified Public Accountants

Baton Rouge, Louisiana  
July 27, 2004

**SUNRISE HUMAN DEVELOPMENT AGENCY**  
Donaldsonville, Louisiana

**SCHEDULE OF OPERATING EXPENSES**

For the year ended June 30, 2004  
(With comparative totals for 2003)

	Direct	General and	Totals	
	Services	Administrative	2004	2003
Salaries	\$ 146,560	\$ 64,281	\$ 210,841	\$ 236,560
Payroll taxes	13,761	6,025	19,786	21,092
Professional	31,310	6,368	37,678	35,840
Rent and leases	10,500	3,811	14,311	14,540
Utilities and telephone	12,415	-	12,415	12,996
Insurance	9,551	-	9,551	13,000
Office supplies	-	3,222	3,222	8,017
Maintenance	4,806	-	4,806	3,071
Interest	-	869	869	790
Travel	2,278	-	2,278	1,475
Postage	-	718	718	708
Printing	-	-	-	297
Depreciation	-	656	656	855
Advertising and promotion	304	-	304	209
Other	194	3,537	3,731	3,219
<b>Total</b>	<b>\$ 231,679</b>	<b>\$ 89,487</b>	<b>\$ 321,166</b>	<b>\$ 352,669</b>

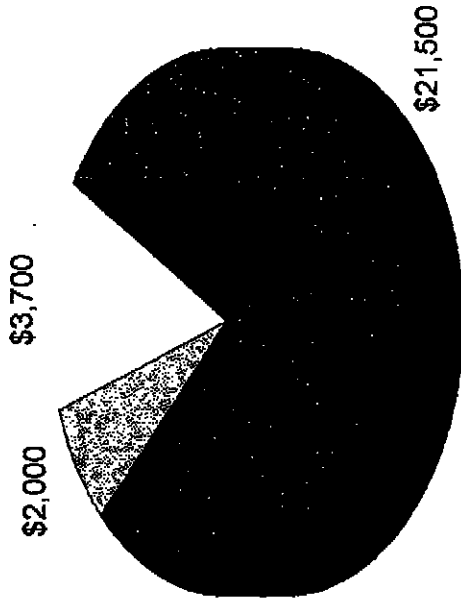


# **STATISTICAL INFORMATION**

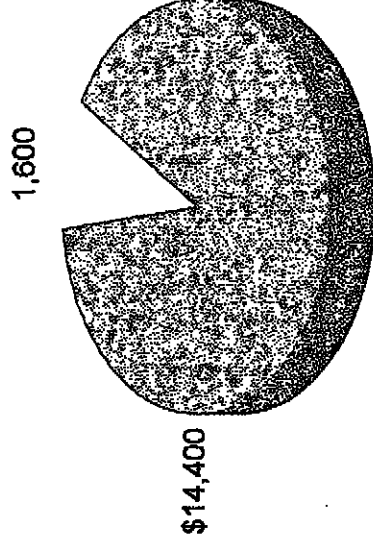
# ASSETS

## SUNRISE HUMAN DEVELOPMENT AGENCY

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JUNE 30, 2004



JUNE 30, 2003

■ CASH	▣ ACCOUNTS RECEIVABLE	○ OTHER
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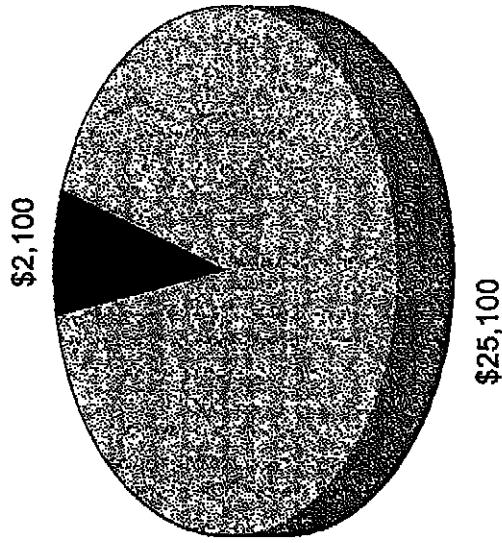
TOTAL ASSETS = \$27,200

TOTAL ASSETS = \$16,000

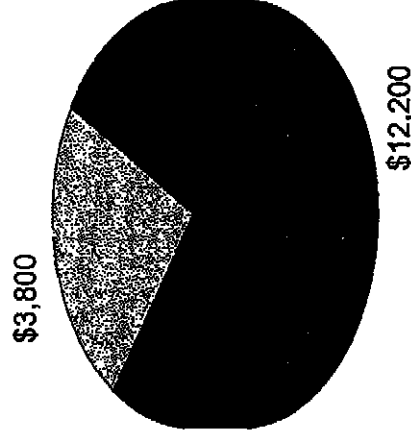
# LIABILITIES AND NET ASSETS

## SUNRISE HUMAN DEVELOPMENT AGENCY

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JUNE 30, 2004



JUNE 30, 2003

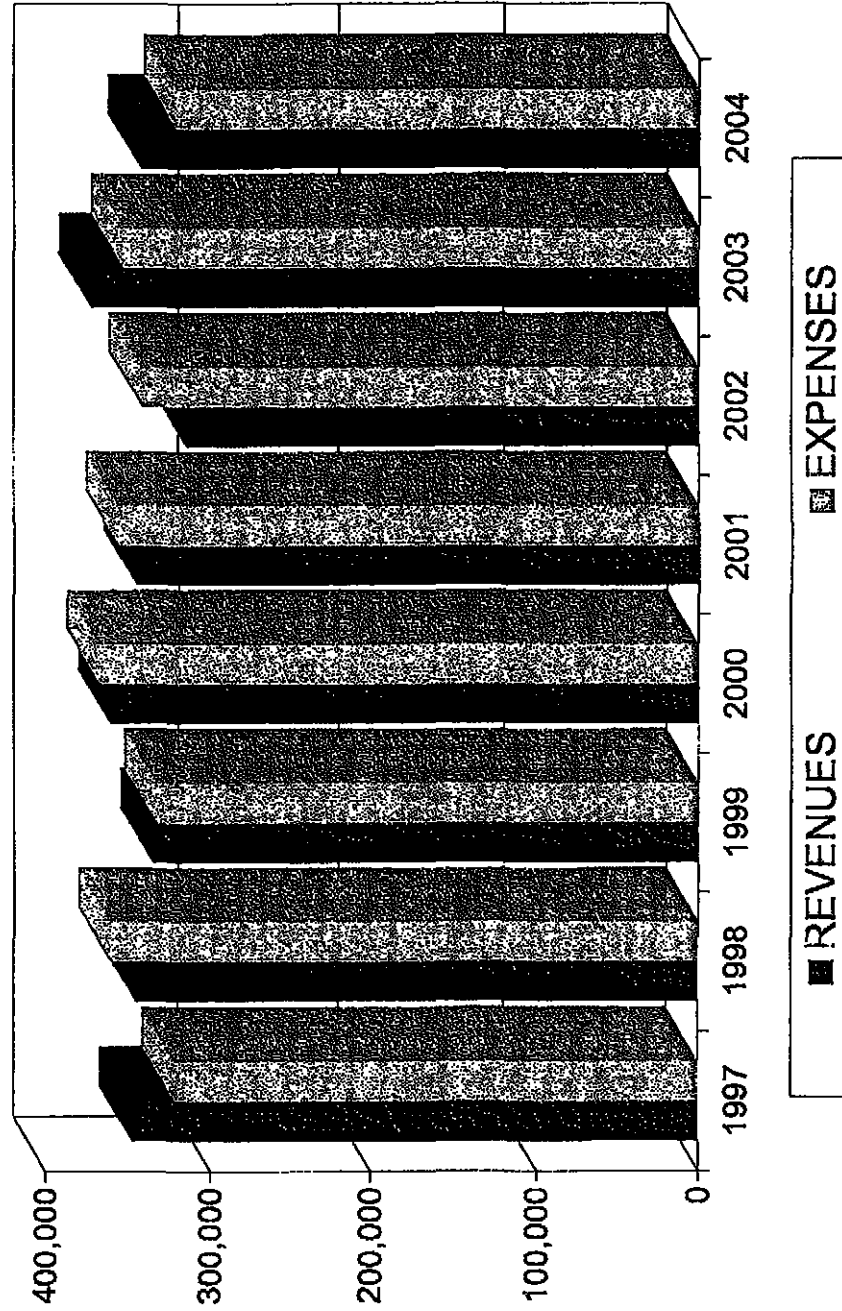


LIABILITIES = \$2,100  
NET ASSETS = \$25,100

LIABILITIES = \$12,200  
NET ASSETS = \$3,800

# REVENUES AND EXPENSES

## SUNRISE HUMAN DEVELOPMENT AGENCY



# EXPENSE ANALYSIS

## SUNRISE HUMAN DEVELOPMENT AGENCY

