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EMERGENCY AID CENTER  
FRANKLIN, LOUISIANA

ANNUAL FINANCIAL REPORT

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 9-8-04

EMERGENCY AID CENTER  
FRANKLIN, LOUISIANA

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION	2
STATEMENTS OF ACTIVITIES	3
STATEMENT OF FUNCTIONAL EXPENSES - DECEMBER 31, 2003	4
STATEMENT OF FUNCTIONAL EXPENSES - DECEMBER 31, 2002	5
STATEMENTS OF CASH FLOWS	6
NOTES TO THE FINANCIAL STATEMENTS	7-8
INDEPENDENT AUDITOR'S REPORT REQUIRED BY <u>GOVERNMENTAL AUDITING STANDARDS</u>	9
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <u>GOVERNMENT AUDITING STANDARDS.</u>	10-11
SCHEDULES AND DATA COLLECTION FORM	12
SCHEDULE 1: SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS	13
SCHEDULE 2: MANAGEMENT'S CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS	14

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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, 2003 and 2002, 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 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 the Emergency Aid Center as of December 31, 2003 and 2002, 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 June 23, 2004, 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. 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.

*Guidry, Chauvin & Taylor*  
Certified Public Accountants

Franklin, Louisiana  
June 23, 2004

EMERGENCY AID CENTER  
FRANKLIN, LOUISIANA

STATEMENTS OF FINANCIAL POSITION  
December 31, 2003 and 2002

ASSETS	<u>2003</u>	<u>2002</u>
Current Assets:		
Cash in bank	\$ 11,056	\$ 21,809
Property rquipment (Net)	<u>12,157</u>	<u>1,399</u>
TOTAL ASSETS	<u>\$ 23,213</u>	<u>\$ 23,208</u>
LIABILITIES AND NET ASSETS		
Accrued expenses	\$ 1,248	\$ 142
NET ASSETS		
Unrestricted	<u>21,965</u>	<u>23,066</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 23,213</u>	<u>\$ 23,208</u>

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

EMERGENCY AID CENTER  
FRANKLIN, LOUISIANA

STATEMENTS OF ACTIVITIES  
For the Years Ended December 31, 2003 and 2002

	<u>2003</u>	<u>2002</u>
<b>UNRESTRICTED NET ASSETS</b>		
Support		
Business Organizations	\$ 3,000	\$ 1,850
Churches	9,632	10,463
Individuals	2,930	1,832
Local parish governments	1,350	
Local municipal governments	<u>5,000</u>	<u>-</u>
<b>TOTAL UNRESTRICTED SUPPORT</b>	<b>21,912</b>	<b>14,145</b>
Net assets released from restrictions		
Restrictions satisfied by payments:		
United Way Services funding for the year	40,819	37,221
FEMA funding for the year	<u>13,762</u>	<u>15,642</u>
<b>TOTAL UNRESTRICTED SUPPORT           AND RECLASSIFICATIONS</b>	<b><u>76,493</u></b>	<b><u>67,008</u></b>
Expenses		
Program services	61,394	53,041
General supporting services	<u>16,200</u>	<u>12,802</u>
<b>TOTAL EXPENSES</b>	<b><u>77,594</u></b>	<b><u>65,843</u></b>
<b>INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS</b>	<b>(1,101)</b>	<b>1,165</b>
<b>NET ASSETS, beginning of year</b>	<b><u>23,066</u></b>	<b><u>21,901</u></b>
<b>NET ASSETS, end of year</b>	<b><u>\$ 21,965</u></b>	<b><u>\$ 23,066</u></b>

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, 2003

	<u>Program Services</u>	<u>General Supporting Services</u>	<u>Total</u>
<b>Specific Assistance to Individuals</b>			
Food	\$ 1,167	\$ -	\$ 1,167
Shelter	12,995	-	12,995
Utilities	5,976	-	5,976
Transportation	430	-	430
Medical & Hygiene	92	-	92
<b>Total Assistance</b>	<u>20,660</u>	<u>-</u>	<u>20,660</u>
<b>Other Expenses</b>			
Salaries	21,210	11,421	32,631
Payroll Taxes	1,838	989	2,827
Professional Fees	2,900	-	2,900
Office Supplies	1,166	628	1,794
Telephone	1,388	747	2,135
Postage	202	-	202
Occupancy	912	1,695	2,607
Repairs & Maintenance	909	-	909
Publications & Advertising	899	-	899
Travel	947	-	947
Miscellaneous	281	-	281
Insurance	1,644	-	1,644
Rent	5,100	-	5,100
<b>Total Other Expenses</b>	<u>39,396</u>	<u>15,480</u>	<u>54,876</u>
<b>Total expenses before depreciation</b>	<b>60,056</b>	<b>15,480</b>	<b>75,536</b>
<b>Depreciation</b>	<u>1,338</u>	<u>720</u>	<u>2,058</u>
<b>Total Expenses</b>	<u>\$ 61,394</u>	<u>\$ 16,200</u>	<u>\$ 77,594</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, 2002

	<u>Program Services</u>	<u>General Supporting Services</u>	<u>Total</u>
<b>Specific Assistance to Individuals</b>			
Food	\$ 492	\$ -	\$ 492
Shelter	11,511	-	11,511
Utilities	5,997	-	5,997
Transportation	-	-	-
Medical & Hygiene	<u>280</u>	<u>-</u>	<u>280</u>
Total Assistance	<u>18,280</u>	<u>-</u>	<u>18,280</u>
<b>Other Expenses</b>			
Salaries	18,364	9,888	28,252
Payroll Taxes	1,404	756	2,160
Professional Fees	2,950	-	2,950
Office Supplies	859	462	1,321
Telephone	1,151	620	1,771
Postage	150	-	150
Occupancy	1,403	756	2,159
Repairs & Maintenance	682	-	682
Publications & Advertising	-	-	-
Travel	750	-	750
Miscellaneous	-	-	-
Insurance	1,453	-	1,453
Rent	<u>5,000</u>	<u>-</u>	<u>5,000</u>
Total Other Expenses	<u>34,166</u>	<u>12,482</u>	<u>46,648</u>
Total expenses before depreciation	52,446	12,482	64,928
Depreciation	<u>595</u>	<u>320</u>	<u>915</u>
Total Expenses	<u>\$ 53,041</u>	<u>\$ 12,802</u>	<u>\$ 65,843</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, 2003 and 2002

	<u>2003</u>	<u>2002</u>
<b>Cash Flows From Operating Activities:</b>		
Excess (deficiency) of revenue over expenses	\$ (1,101)	\$ 1,165
Adjustments to reconcile excess (deficiency) of revenues over expenses to net cash provided by operating activities::		
Depreciation	2,058	915
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	-	-
(Decrease) increase in payroll taxes payable	<u>1,106</u>	<u>38</u>
Net Cash Provided by Operating Activities	<u>2,063</u>	<u>2,118</u>
<b>Cash Flows from Investing Activities:</b>		
Purchase of equipment	<u>(12,816)</u>	<u>-</u>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>(10,753)</b>	<b>2,118</b>
<b>Cash and Cash Equivalents, beginning of Year</b>	<u><b>21,809</b></u>	<u><b>19,691</b></u>
<b>Cash and Cash Equivalents, end of Year</b>	<u><b>\$ 11,056</b></u>	<u><b>\$ 21,809</b></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, 2003

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 1,419 disadvantaged individuals in the community. These individuals make up about 521 families, all of which live at or below poverty level. The Center is supported primarily through donor contributions, grants, and the United Way. Approximately 53% and 55% of the organization's support for the years ended December 31, 2003 and 2002, 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 results could differ from those estimates.

Property & Equipment

The Emergency Aid Center capitalizes all expenditures for the purchase of property and equipment. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is recorded over the estimated useful lives of the assets using accelerated methods.

Revenue Recognition

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

All donor-restricted contributions are 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.

EMERGENCY AID CENTER  
FRANKLIN, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
For the year ended December 31, 2003

Contributed Services

The Center receives donated services from a variety of unpaid volunteers who assist the Center in various ways. No amounts have been reflected in the statement of activities for those services since they do not meet the criteria for recognition under SFAS No. 116, Accounting for Contributions Received and Contributions Made.

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 be \$5,000. The center occupied this office space through September. In October they moved into a building owned by the St. Mary Parish Council. They estimate the yearly rental to be \$5,400. These amounts are 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, 2003 and 2002, 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, 2003 and 2002, includes \$11,056 and \$21,808, respectively, in monies that are covered by federal deposit insurance provided by the federal government.

NOTE 3: PROPERTY & EQUIPMENT

Depreciation of equipment is calculated using accelerated methods over the estimated useful lives of the assets. The cost of such assets at December 31, 2003 is as follows:

	Balance 2002	Purchases/ (Dispositions)	Balance 2003
Office Furniture & Equipment	\$ 9,854	\$ 3,108	\$ 12,962
Building Improvements	-	9,708	9,708
	9,854	12,816	22,670
Less: Accumulated Depreciation	(8,455)	(2,058)	(10,513)
Total	\$ 1,399	\$ 10,758	\$ 12,157

Depreciation expense for the year ended December 31, 2003 is \$2,058.

**INDEPENDENT AUDITOR'S REPORT REQUIRED  
BY GOVERNMENTAL AUDITING STANDARDS**

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**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, 2003, and have issued our report thereon dated June 22, 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 the Emergency Aid Center's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations and contracts, 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 Schedule 2, Management's Corrective Action Plan for Current Year Audit Findings, Section I, 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 solely for the information and use of the Board of Directors of the Emergency Aid Center, its management and its grantor agencies and is not intended to be and should not be used by anyone other than these specified parties.

*Guidry, Chauvin & Taylor*

Certified Public Accountants

Franklin, Louisiana  
June 22, 2004

**SCHEDULES AND DATA COLLECTION FORM**

EMERGENCY AID CENTER  
FRANKLIN, LOUISIANA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
For the year ended December 31, 2003

<u>Ref. No.</u>	<u>Fiscal Year Finding Initially Occurred</u>	<u>Description of Finding</u>	<u>Corrective Action Taken (Yes, No Partially)</u>	<u>Planned Corrective Action/Partial Corrective Action Taken</u>
A-1	1993	Inadequate Segregation of Accounting Functions	Partially	See Management's Corrective Action Plan (Schedule 2)

EMERGENCY AID CENTER  
FRANKLIN, LOUISIANA

MANAGEMENT'S CORRECTIVE ACTION PLAN FOR  
CURRENT YEAR AUDIT FINDINGS  
For the year ended December 31, 2003

<u>Ref. No.</u>	<u>Description of Findings</u>
-----------------	--------------------------------

Section 1 - Internal Control and Compliance Material to the Financial Statements:

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 and cash disbursements.

**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 a secretary to pay bills and to reconcile bank statements on a monthly basis. The director uses a computer program to generate monthly cash receipts and disbursements journals. 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 maintains a cash receipt and disbursement ledgers. The Director meets with the board on a monthly basis to review the financial statements for accuracy and completeness.