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The Extra Mile, Region VII, Inc.
Shreveport, Louisiana

Financial Statements
June 30, 2004 and 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 10-13-04

The Extra Mile, Region VII, Inc.
Shreveport, Louisiana

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The Extra Mile, Region VII, Inc.
Shreveport, Louisiana

Statements of Financial Position
June 30, 2004 and 2003

Assets		2004		2003
Current assets				
Cash and cash equivalents	$	3,918	$	15,041
Grants receivable		41,360		12,272
Accounts receivable		1,175		272
Intermediary receivable		19,990		18,133
Prepaid expenses		901		772
Total current assets		67,344		46,490
Equipment-net		4,064		3,652
Website development costs, net of accumulated amortization of $3,391 and $2,035		3,391		4,747
Total assets	$	74,799	$	54,889

Liabilities and Net Assets				
Current liabilities				
Accounts payable	$	21,857	$	6,967
Accrued payroll and taxes		1,419		-
Due to grantor		6,245		6,245
Refundable advances		8,008		9,284
Note payable		14,999		-
Total current liabilities		52,528		22,496
Net Assets				
Unrestricted		19,892		28,612
Temporarily restricted		2,379		3,781
Permanently restricted		-		-
Total net assets		22,271		32,393
Total liabilities and net assets	$	74,799	$	54,889

The accompanying Notes are an integral part of the financial statements.

The Extra Mile, Region VII, Inc.
Shreveport, Louisiana

Statement of Activities
for the Year Ended June 30, 2004

	Unrestricted	Temporarily Restricted	Permanently Restricted	2004 Totals
Revenue				
Grant revenue	$ 119,227	$ 2,379	$ -	$ 121,606
Contributions	60	-	-	60
Fundraising	678	-	-	678
Administrative fees	15,889	-	-	15,889
Other revenue	492	-	-	492
Total revenues and other support	136,346	2,379	-	138,725
Net assets released from restrictions	3,781	(3,781)	-	-
Total revenue	140,127	(1,402)	-	138,725
Expenses				
Program services				
Youth Volunteers Corps	33,369	-	-	33,369
Big Brothers/Big Sisters	49,246	-	-	49,246
Total program services	82,615	-	-	82,615
		-	-	
Support services		-	-	
Management and general	66,232	-	-	66,232
Total support services	66,232	-	-	66,232
Total expenses	148,847	-	-	148,847
Increase (decrease) in net assets	(8,720)	(1,402)	-	(10,122)
Net assets, beginning of year	28,612	3,781	-	32,393
Net assets, end of year	$ 19,892	$ 2,379	$ -	$ 22,271

The accompanying Notes are an integral part of the financial statements.

The Extra Mile, Region VII, Inc.
Shreveport, Louisiana

Statement of Activities
for the Year Ended June 30, 2003

	Unrestricted	Temporarily Restricted	Permanently Restricted	2003 Totals
Revenue				
Grant revenue	$ 95,453	$ 3,781	$ -	$ 99,234
Contributions	470	-	-	470
Fundraising	2,334	-	-	2,334
Administrative fees	11,781	-	-	11,781
Other revenue	1,503	-	-	1,503
Total revenues and other support	111,541	3,781	-	115,322
Net assets released from restrictions	6,360	(6,360)	-	-
Total revenue	117,901	(2,579)	-	115,322
Expenses				
Program services				
Youth Volunteers Corps	50,871	-	-	50,871
Big Brothers/Big Sisters	30,695	-	-	30,695
Total program services	81,566	-	-	81,566
Support services				
Management and general	51,497	-	-	51,497
Total support services	51,497	-	-	51,497
Total expenses	133,063	-	-	133,063
Increase (decrease) in net assets	(15,162)	(2,579)	-	(17,741)
Net assets, beginning of year	43,774	6,360	-	50,134
Net assets, end of year	$ 28,612	$ 3,781	$ -	$ 32,393

The accompanying Notes are an integral part of the financial statements.

The Extra Mile, Region VII, Inc.
Shreveport, Louisiana

Statement of Functional Expenses
for the Year Ended June 30, 2004

	Program Services				
	Youth Volunteers Corps	Big Brothers/ Big Sisters	Total	Management and General	Total
Salaries and Wages	$ 15,647	$ 28,790	$ 44,437	$ 11,725	$ 56,162
Payroll taxes and related benefits	1,534	3,153	4,687	1,980	6,667
Travel	201	2,153	2,354	5,905	8,259
Operating services	13,448	2,498	15,946	10,097	26,043
Professional services	2,473	2,973	5,446	11,422	16,868
Building rent	-	4,405	4,405	6,874	11,279
Office supplies	66	1,217	1,283	4,882	6,165
Utilities and telephone	-	2,215	2,215	2,845	5,060
Education and training	-	15	15	7,851	7,866
Printing and promotion	-	575	575	425	1,000
Depreciation	-	-	-	827	827
Amortization	-	-	-	1,356	1,356
Volunteer recognition	-	1,252	1,252	43	1,295
Total	$ 33,369	$ 49,246	$ 82,615	$ 66,232	$ 148,847

The accompanying Notes are an integral part of the financial statements.

The Extra Mile, Region VII, Inc.
Shreveport, Louisiana

Statement of Functional Expenses
for the Year Ended June 30, 2003

	Program Services				
	Youth Volunteers Corps	Big Brothers/ Big Sisters	Total	Management and General	Total
Salaries and Wages	$ 25,766	$ 18,741	$ 44,507	$ 12,329	$ 56,836
Payroll taxes and related benefits	3,847	2,143	5,990	635	6,625
Travel	1,202	839	2,041	1,385	3,426
Operating services	12,108	2,670	14,778	8,317	23,095
Professional services	2,473	2,786	5,259	12,059	17,318
Building rent	2,196	646	2,842	8,995	11,837
Office supplies	1,759	943	2,702	2,686	5,388
Utilities and telephone	1,085	1,686	2,771	1,764	4,535
Education and training	-	25	25	750	775
Printing and promotion	435	173	608	667	1,275
Depreciation	-	-	-	381	381
Amortization	-	-	-	1,356	1,356
Volunteer recognition	-	43	43	88	131
Fund raising	-	-	-	85	85
	$ 50,871	$ 30,695	$ 81,566	$ 51,497	$ 133,063

The accompanying Notes are an integral part of the financial statements.

The Extra Mile, Region VII, Inc.
Shreveport, Louisiana

Statements of Cash Flows
for the Years Ended June 30, 2004 and 2003

	2004	2003
Cash flows from operating activities		
Decrease in net assets	($ 10,122)	($ 17,741)
Adjustments to reconcile change in net assets to cash provided by (used in) operating activities		
Depreciation	827	381
Amortization	1,356	1,356
(Increase) decrease in		
Grant and intermediary receivable	(30,945)	19,264
Accounts receivable	(903)	(271)
Prepaid expenses	(129)	(772)
Increase (decrease) in		
Accounts payable	14,890	6,967
Accrued payroll and taxes	1,419	7
Due to grantor	-	4,989
Refundable advances	(1,276)	(97)
Cash provided by (used in) operations	(24,883)	14,083
Cash flows from investing activities		
Purchase of equipment	(1,239)	(4,033)
Cash used in investing activities	(1,239)	(4,033)
Cash flows from financing activities		
Net proceeds from revolving line of credit	14,999	(-)
Cash provided by financing activities	14,999	-
Net increase (decrease) in cash and cash equivalents	(11,123)	10,050
Cash and cash equivalents, beginning of year	15,041	4,991
Cash and cash equivalents, end of year	$ 3,918	$ 15,041

Supplemental Disclosure of Cash Flow Information

	2004	2003
Cash paid during the year for:		
Interest	$ 267	$ -

The accompanying Notes are an integral part of the financial statements.

The Extra Mile, Region VII, Inc.
Shreveport, Louisiana

Notes to the Financial Statements
June 30, 2004 and 2003

Note 1 Organization and Significant Accounting Policies

The Extra Mile, Region VII, Inc. ("Extra Mile") is a not-for-profit corporation under the laws of the State of Louisiana. Extra Mile was established to provide volunteer coordination and support services for the Offices of Mental Health, Developmental Disabilities and Substance Abuse. The Extra Mile serves the parishes of Caddo, Bossier, Webster, Claiborne, Bienville, Red River, Desoto, Sabine, Natchitoches and Winn in Region VII.

The Organization is comprised of the following two principal programs:

Youth Volunteers Corps
The Youth Volunteer Corps of Shreveport Bossier (YVC) is a program sponsored under the Extra Mile, Region VII, Inc. Youth Volunteer Corps is a national organization that mobilizes youth between the ages of 11 and 18 in community service projects that promote service learning, citizenship, relationship building and leadership. YVC has several projects throughout the year such as Martin Luther King Day service project, National Youth Service Day, Make a Difference Day, and other national days of service. YVC also connects students to do volunteer work for non-profit agencies throughout the community. This program is funded primarily from CDBG grants from the City of Shreveport, Department of Health and Hospitals Office of Mental Health, Office of the Lieutenant Governor Louisiana Serve Commission, Points of Light Foundation and other miscellaneous contributions.

Big Brothers/ Big Sisters
Big Brothers Big Sisters of Caddo-Bossier (BBBS) is a program sponsored under the Extra Mile, Region VII, Inc. BBBS is a national organization that targets youth between the ages of 6 and 15 who come primarily from single parent households, grandparent-as primary-caregivers homes, low to moderate income households or children at risk of academic or behavior modification. The programs primary purpose is the creation of one-to-one relationships between adult volunteers and children through school-based and community based mentoring partnerships with faith based organizations. This program is funded primarily by CDBG grants from the City of Shreveport, Department of Health and Hospitals Office of Mental Health, Office of the Lieutenant Governor Louisiana Serve Commission, Points of Light Foundation, grants, contributions, membership fees and fundraising efforts of Big Brothers/Big Sisters of America and also other miscellaneous contributions.

The Organization also acts as fiscal agent for the Office of Mental Health in administering its Consumer Care Resources and Systems of Care grants and for the Office for Citizen's with Developmental Disabilities grant.

Summary of Significant Accounting Policies
Accounting policies of Extra Mile conform with accounting principles generally accepted in the United States of America and reflect practices appropriate to the industry in which it operates. The significant policies are summarized below.

Basis of Accounting: The agency prepares its financial statements on the accrual basis of accounting. Accordingly, revenues are recognized when earned and expenses are recognized when incurred.

Functional Expenses: Expenses are charged to each program based upon direct expenditures incurred.

Grants Receivable: Various funding sources provide reimbursement of allowable costs and payment on units of service in connection with providing services under contracts or agreements. This balance represents amounts due from funding sources at June 30, 2004 and 2003, but received after that date.

Intermediary Accounts: The Extra Mile has entered into fiscal agency agreements with various agencies under the Department of Health and Hospitals whereby The Extra Mile is the recipient organization that facilitates the transfer of assets between the grantor and the beneficiary and has no discretion as to their use. The transfer is subject to the grantor's unilateral right to redirect the use of the assets to beneficiaries. The Organization had the following receivables at June 30:

		2004		2003
Office of Mental Health Consumer Care Resources	$	17,998	$	14,939
DHH Office for Citizen's with Developmental Disabilities		1,131		3,194
Office of Mental Health – Systems of Care		881		-
	$	19,990	$	18,133

Refundable Advances: Certain funds have been received by Extra Mile as agent for the resource provider, and may be transferred to third parties only upon the authority of the resource provider. Since Extra Mile has no discretion as to their use, they are accounted for as refundable advances as follows:

		2004		2003
NWRMR-OCDD	$	585	$	585
NWRMH		459		459
Mental Health Coalition		660		5,156
Breakaway Natchitoches/Metamorphosis		1,053		565
Pines Treatment Center		2,559		669
Challenge		1,111		961
Minden Mental Health		313		212
OADA Prevention		132		86
LA State Association Treasurer/BBBS		894		250
Shreveport Mental Health Center		242		341
	$	8,008	$	9,284

Grant Revenue: The Extra Mile is dependent on federal and state grants. Its continued existence is based on annual contract renewals with various funding sources.

Net Assets: Under the provisions of Statement of Financial Accounting Standards No. 117, "Financial Statements for Not-For-Profit Organizations", net assets and revenues and contributions, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations. Support restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized.

Temporarily restricted net assets - Net assets that are subject to donor-imposed stipulations which may or will be met either by actions of the Organization and/or the passage of time. All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (i.e., when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Permanently restricted net assets - Net assets that are subject to donor-imposed stipulations requiring that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes.

Contributions: All contributions are considered available for unrestricted use unless specifically restricted by the donor.

Federal Income Taxes: The Extra Mile is a tax-exempt organization as described in Section 501(c)(3) of the *Internal Revenue Code and is classified by the Internal Revenue Service as an organization other than a private* foundation. The Extra Mile, therefore is not subject to income taxes. However, income from certain activities not directly related to Extra Mile's tax exempt purpose is subject to taxation as unrelated business income. The Extra

Mile had no such income for years ended June 30, 2004 and 2003. The Extra Mile is also exempt from state income taxes.

Cash Equivalents: The Extra Mile considers all highly liquid investments with a maturity of ninety (90) days or less, when purchased, to be cash equivalents.

Equipment: Equipment are stated at cost. The Extra Mile follows the practice of capitalizing expenditures for equipment in excess of $500. Depreciation of equipment is computed on a straight-line basis over the estimated useful lives of the assets.

Equipment acquired and owned by Extra Mile while used in the program for which it was purchased or in other future authorized programs was $1,890 and $1,890 for the years ended June 30, 2004 and 2003, respectively. The funding sources, however, have a reversionary interest in the equipment purchased with grant funds; therefore, its disposition as well as the ownership of any sale proceeds therefore, is subject to funding source regulations.

Website development:- Costs are amortized on the straight-line basis over an estimated useful life of five years. Amortization expense for the years ended June 30, 2004 and 2003 was $1,356 and $1,356, respectively. The aggregate amortization expense for each of the years ending June 30, 2005 and 2006 is estimated to be $1,356 and $678 for the year ended June 30, 2007.

Risks and Uncertainties: 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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

Concentrations of Credit Risk: Financial instruments that potentially subject Extra Mile to concentrations of credit risk consist principally of temporary cash investments and grant receivables. Concentrations of credit risk with respect to grant receivables are limited due to these amounts being due from governmental agencies under contractual terms. As of June 30, 2004 and 2003, Extra Mile had no significant concentrations of credit risk in relation to grant receivables.

The Extra Mile maintains cash balances at a single financial institution. These accounts collectively are insured by the Federal Deposit Insurance Corporation (FDIC) up to $100,000. At June 30, 2004 and 2003, there were no uninsured balances at these institutions, and the Extra Mile had no significant concentrations of credit risk.

Note 2 Equipment – Net

A summary of equipment at June 30, 2004 and 2003 follows:

	2004	2003
Furniture, fixtures, and movable equipment	$ 569	$ 569
Computer equipment	4,703	3,464
	5,272	4,033
Accumulated depreciation	(1,208)	(381)
Equipment, net	$ 4,064	$ 3,652

Total depreciation expense charged to operations was $827 and $381 for the years ended December 31, 2004 and 2003, respectively.

Note 3 Leases

On November 1, 2003, the Extra Mile entered into an agreement to lease its office space for a one year term. Thereafter the lease may be renewed in one year increments at a monthly rental of $940. Total lease expense for 2004 and 2003 was $11,279 and $11,837, respectively. In addition, The Extra Mile leases office equipment under a five year rental contract. Rental cost on those leases for the years ended June 30, 2004 and 2003 was $2,148 and $2,136, respectively.

Commitments under lease agreements having initial or remaining noncancelable terms in excess of one year as June 30, 2004 are as follows:

2005	$ 1,873
2006	1,405
	$ 3,278

Note 4 Notes Payable

The Organization entered into the following debt agreements:

	2004	2003
Promissory note payable on demand under a $15,000 line of credit with a bank, bearing interest at prime plus 3%, adjusted monthly, unsecured. The interest rate at June 30, 2004 was 4%.	$ 14,999	$ -
Less: current portion	(14,999)	(-)
Long-term portion	$ -	$ -

Interest expense for the years ended June 30, 2004 and 2003 totaled $267 and $0, respectively.

Note 5 Temporarily Restricted Net Assets

Temporarily restricted net assets of $2,379 and $3,781 at June 30, 2004 and 2003, respectively was composed of unexpended grants money earmarked for program purposes.

Note 6 Concentrations

The Organization received grant revenue from the following sources in 2004 and 2003:

	2004	2003
Federal, state and local		
DHH – Office of Mental Health	37 %	48 %
CDBG – City of Shreveport	10 %	22 %
DHH – Office of Addictive Disorders	27 %	10 %
City of Shreveport	7 %	- %
Office of the Lt. Governor Louisiana Serve Commission	5 %	9 %
Other		
Points of Light Foundation	5 %	6 %
Eli Lilly	5 %	- %
Big Brothers/ Big Sisters	4 %	5 %
	100 %	100 %

Note 7 Commitments and Contingencies

Grants require the fulfillment of certain conditions as set forth in grant contracts. Failure to fulfill the conditions as set forth in the grant contracts could result in the return of grant funds to the grantor.

Independent Auditor's Report

To the Board of Directors of
The Extra Mile, Region VII, Inc.
Shreveport, Louisiana

We have audited the accompanying statements of financial position of The Extra Mile, Region VII, Inc. (a nonprofit organization) as of June 30, 2004 and 2003, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of The Extra Mile, Region VII, Inc.'s 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 The Extra Mile, Region VII, Inc. 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 September 20, 2004 on our consideration of The Extra Mile, Region VII, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

ROBERTS, CHERRY AND COMPANY

ROBERTS, CHERRY AND COMPANY

A Corporation of
Certified Public Accountants
Shreveport, Louisiana
September 20, 2004

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors of
The Extra Mile, Region VII, Inc.
Shreveport, Louisiana

We have audited the financial statements of The Extra Mile, Region VII, Inc. (a nonprofit organization) as of and for the years ended June 30, 2004 and 2003, and have issued our report thereon dated September 20, 2004. 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.

Internal Control Over Financial Reporting
In planning and performing our audits, we considered The Extra Mile, Region VII, 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. 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 Extra Mile, Region VII, Inc.'s ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions noted are described in the accompanying schedule of findings and questioned costs as items 2004-2, 2004-3, 2004-4 and 2004-5.

A material weakness is a reportable 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 caused by error or fraud 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, we believe that none of the reportable conditions described above are material weakness.

Compliance and Other Matters
As part of obtaining reasonable assurance about whether The Extra Mile, Region VII, 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 an instance of noncompliance that is required to be reported under *Government Auditing* Standards and which is described in the accompanying schedule of findings and questioned costs as item 2004-1.

This report is intended solely for the information and use of management, others within the organization and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Roberts, Cherry and Company

ROBERTS, CHERRY AND COMPANY

A Corporation of
Certified Public Accountants
Shreveport, Louisiana
September 20, 2004

The Extra Mile, Region VII, Inc.

Schedule of Findings and Questioned Costs
for the Years Ended June 30, 2004 and 2003

We have audited the financial statements of The Extra Mile, Region VII, Inc, as of and for the years ended June 30, 2004 and 2003, and have issued our report thereon dated September 20, 2004. 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. Our audits of the financial statements as of June 30, 2004 and 2003 resulted in an unqualified opinion.

Section I Summary of Auditor's Reports

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control
Material Weaknesses: No   Reportable Conditions: Yes

Compliance
Compliance Material to Financial Statements: No

b. Federal Awards – Not Applicable.

c. Identification of Major Programs – Not Applicable.

Section II Financial Statement Findings

Finding 2004-1 Audited financial statements were not filed timely with the Department of Health and Hospitals Office of Mental Health (OMH).

Condition: An independent certified public accountant hired to perform the financial audit for the year ended June 30, 2003 did not complete the financial audit within the six month deadline imposed by state law.

Criteria: Audit reports shall be submitted no later than six months after the end of the audit period to the Department of Health and Hospitals Office of Mental Health.

Effect: State contracts may be nullified or revoked immediately and fiscal sanctions may be imposed for failure of Contractor to comply with provisions of the contract.

Cause: Due to a conflict of interest arising as a result of new independence standards, the previous auditor was prohibited from performing the June 30, 2003 audit. The executive director was not informed of the conflict of interest until after fiscal year end. By the time the executive director was advised of the conflict, it was too late to engage a certified public accounting firm to complete the audit within the required time-frame.

Questioned Costs: $0

Recommendations: We recommend that an independent certified public accounting firm be engaged to complete the organization's audit prior to fiscal year end.

Finding 2004-2 The Extra Mile, operating as fiscal agent for the OMH, held checks for services rendered to OMH clients due to insufficient cash flow during the months of June 2004 and 2003.

Condition: Cash flow was not sufficient to continue processing disbursements on behalf of OMH which resulted in checks being held until funds were reimbursed.

Criteria: OMH considers a request processed when the Extra Mile receives the request (referral form) and supporting documentation, processes the check for the amount determined by the referring agency to the designated vendor and mails the check.

Effect: Checks were not mailed prior to submitting the billing invoice to OMH.

Cause: The Extra Mile has cost reimbursement contracts/ grants with the State of Louisiana to advance payments on behalf of state agencies such as the Office of Mental Health. The contracts do not specify level-spending during the fiscal year; therefore, spending varies from month to month. In order to reduce the grant balances as close to zero by fiscal year-end, there is an excessive amount of spending. In addition, the grantor extends the processing date to the 15th of the subsequent month after fiscal yea-end which further delays the reimbursement process for reimbursing the Extra Mile for funds advanced on behalf of state agencies.

Questioned Costs: $0

Recommendations: We recommend that The Extra Mile implement procedures to insure cost reimbursement reports are submitted with all required supporting documentation. We further recommend that the fiscal agent contract with OMH be reviewed with OMH officials prior to renewal to resolve inconsistencies in the language regarding when reimbursement can be requested. If necessary, The Extra Mile should request an increase in its line of credit to cover cash shortages at year end.

Finding 2004-3 *Lack of segregation of duties over the cash transaction cycle.* The executive director controlled the cash transaction cycle from inception to completion.

Condition: The executive director was performing all cash cycle transaction functions.

Criteria: Controls over cash are necessary to provide reasonable assurance against the risk of loss due to misappropriation.

Effect: Cash is the most liquid asset of a business and could be misused if not safeguarded by adequate internal controls.

Cause: The size of staff is limited due to current funding levels.

Questioned Costs: $0

Recommendations: We recommend that the Extra Mile hire a part-time full-charge bookkeeper so that duties involving cash can be segregated.

Finding 2004-4 At June 30, 2004, The Extra Mile had insufficient funds on hand to pay refundable advances.

Condition: Funds are received by Extra Mile as agent for the resource provider, and may be transferred to third parties only upon the authority of the resource provider. At June 30, 2004, The Extra Mile did not have cash on hand to repay refundable advances.

Criteria: The Extra Mile should maintain funds available for disbursement equal to the amount of the refundable advances.

Effect: Funds are not available for the unilateral discretionary use of the resource provider.

Cause: The Extra Mile has cost reimbursement contracts/ grants with the State of Louisiana to advance payments on behalf of state agencies such as the Office of Mental Health. The contracts do not specify level-spending during the fiscal year; therefore, spending varies from month to month. In order to reduce the grant balances as close to zero by fiscal year-end, there is an excessive amount of spending. In addition, the grantor extends the processing date to the 15th of the subsequent month after fiscal year-end which further delays the reimbursement process for reimbursing the Extra Mile for funds advanced on behalf of state agencies.

Questioned Costs: $0

Recommendations: We recommend that The Extra Mile account for the refundable advances separate from operations.

Finding 2004-5 The Extra Mile is not operating in accordance with its articles of incorporation and by-laws with regard to the number of members on its Board of Directors.

Condition: The Board of Directors currently consists of only six members. A review of attendance records at Board meetings showed recent attendance by only four members.

Criteria: The organization's articles of incorporation and by-laws state that the Board shall consist of no fewer than twelve and no more than twenty-five members.

Cause: Due to life demands and/ or life changes related to the original board members, many resigned or became inactive. Failure of the nominating committee to make recommendations to the board placed the burden of recruitment on the executive director.

Effect: Many of the Board's functions have fallen to the executive director.

Questioned Costs: $0

Recommendations: We recommend that the Board, after giving consideration to the size and purpose of the organization, should determine a reasonable number of directors for the organization and revise the articles of incorporation and by-laws accordingly. We further recommend that an extensive search be made for qualified individuals to serve on the Board.

Section III Federal Award Findings and Questioned Costs
Not Applicable.

The Extra Mile, Region VII, Inc.
Shreveport, Louisiana

Schedule of Prior Year Findings
for the Year Ended June 30, 2002

Section I – Internal Controls and Compliance Material to the Financial Statements

There were no findings as a result of the prior year audit.

Section II – Internal Controls and Compliance Material to Federal Awards

Not Applicable.

Section III – Management's Response

Not Applicable

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THE EXTRA MILE, REGION VII, INC.
MANAGEMENT'S CORRECTIVE ACTION PLAN
FOR THE YEARS ENDED JUNE 30, 2004 AND 2003

Section I Internal Control and Compliance Material to the Financial Statement

Finding 2004-1 Audited Financial Statements were not filed timely with the Department of Health and Hospitals Office of Mental Health.

Recommendation We recommend that an independent certified public accounting firm be engaged to complete the organization's audit prior to fiscal year end.

Response The organization has engaged an independent certified public accounting firm as of July 21, 2004 to complete a comparative audit for fiscal years ended June 30, 2003 and June 30, 2004.

Finding 2004-2 The Extra Mile, operating as fiscal agent for the OMH, held checks for services rendered to OMH clients due to insufficient cash flows.

Recommendation We recommend that The Extra Mile implement procedures to insure cost reimbursement reports are submitted with all required supporting documentation. We further recommend that the fiscal agent contract with OMH be reviewed with OMH officials prior to renewal to resolve inconsistencies in the language regarding when reimbursement can be requested. If necessary, The Extra Mile should request an increase to the line of credit to cover cash shortages at year-end.

Response The organization has implemented additional procedures to insure cost reimbursement reports are submitted with all required supporting documentation. We have begun to revise the wording in the contracts with OMH to resolve inconsistencies in the language regarding when reimbursement can be processed and/or requested. In addition, we have requested an increase in the line of credit to cover the excessive activity that occurs primarily at fiscal year-end that has caused the organization to hold checks as it relates to the OMH.

Finding 2004 - 3 Lack of segregation of duties over the cash transaction cycle. The executive director controlled the cash transaction cycle from inception to completion.

Recommendation We recommend that The Extra Mile hire a part-time full-charge bookkeeper so that duties involving cash can be segregated.

Response As of June 7, 2004, the organization hired a part-time full-charge bookkeeper so that duties involving cash is segregated.

Finding 2004 - 4 At June 30, 2004, The Extra Mile had insufficient funds on hand to pay refundable advances.

Recommendation We recommend that The Extra Mile account for the refundable advances separate from operations.

Response The organization will account for the funds in a separate bank account to ensure we maintain sufficient funds on had to pay refundable advances.

Finding 2004 - 5 The Extra Mile is not operating in accordance with its articles of incorporation and by-laws with regard to the number of members on its Board of Directors.

Recommendation We recommend that the Board, after giving consideration to the size and purpose of the organization, should determine a reasonable number of directors for the organization and revise the articles of incorporation and by-laws accordingly. We further recommend that an extensive search be made for qualified individuals to serve on the Board.

Response The organization is in the process of re-staffing the board with qualified individuals. As recommended, the executive director has recommended to the Board President and current board to determine a reasonable number of directors for the organization and revise the articles of incorporation and by-laws accordingly.

Sincerely,

Vickie Marshall
Executive Director