
NORTH ST. ANTOINE SERVICE, INC.

Lafayette, Louisiana

Financial Report
Years Ended 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 1-5-05

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(A Corporation of Certified Public Accountants)

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
North St. Antoine Service, Inc.
Lafayette, Louisiana

We have audited the accompanying statements of financial position of North St. Antoine Service, Inc. (a nonprofit corporation) 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 the Corporation'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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the North St. Antoine Service, 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 a report dated October 21, 2004, on our consideration of the North St. Antoine Service, Inc. internal control over financial reporting and our test 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.

Darnall, Sikes & Frederick

A Corporation of Certified Public Accountants

Lafayette, Louisiana

October 21, 2004

NORTH ST. ANTOINE SERVICE, INC.

Statements of Financial Position
June 30, 2004 and 2003

	<u>2004</u>	<u>2003</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 25,050	\$ 48,080
Accounts receivable	<u>62,081</u>	<u>15,498</u>
Total current assets	87,131	63,578
Furniture and equipment, net	<u>21,467</u>	<u>30,486</u>
Total assets	<u>\$ 108,598</u>	<u>\$ 94,064</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 5,103	\$ 4,527
RESTRICTED NET ASSETS	<u>103,495</u>	<u>89,537</u>
Total liabilities and net assets	<u>\$ 108,598</u>	<u>\$ 94,064</u>

See independent auditor's report and notes to financial statements.

NORTH ST. ANTOINE SERVICE, INC.

Statements of Activities
Years Ended June 30, 2004 and 2003

	<u>2004</u>	<u>2003</u>
RESTRICTED NET ASSETS		
Support:		
Office of Urban Affairs and Development		
Passed through State funds	\$ 228,000	\$ 258,500
Department of Education	217,861	169,241
Revenue:		
Interest	140	356
Contributions	<u>11,427</u>	<u>-</u>
Total support and revenue	<u>457,428</u>	<u>428,097</u>
Expenses:		
Support services -		
Management and general	251,788	222,612
Program services	<u>191,682</u>	<u>142,573</u>
Total expenses	<u>443,470</u>	<u>365,185</u>
Excess of support and revenue over expenses	13,958	62,912
NET ASSETS, beginning	<u>89,537</u>	<u>26,625</u>
NET ASSETS, ending	<u>\$ 103,495</u>	<u>\$ 89,537</u>

See independent auditor's report and notes to financial statements.

NORTH ST. ANTOINE SERVICE, INC.

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

	<u>2004</u>	<u>2003</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 13,958	\$ 62,912
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	15,362	17,358
(Increase) decrease in:		
Accounts receivable	(46,583)	(15,498)
Increase (decrease) in:		
Accounts payable	<u>576</u>	<u>177</u>
Net cash provided (used) by operating activities	<u>(16,687)</u>	<u>64,949</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	<u>(6,343)</u>	<u>(24,375)</u>
Net cash used by investing activities	<u>(6,343)</u>	<u>(24,375)</u>
 Net increase (decrease) in cash	 <u>(23,030)</u>	 <u>40,574</u>
CASH, beginning of year	<u>48,080</u>	<u>7,506</u>
CASH, end of year	<u>\$ 25,050</u>	<u>\$ 48,080</u>

See independent auditor's report and notes to financial statements.

NORTH ST. ANTOINE SERVICE, INC.

Notes to Financial Statements

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 net assets, and permanently restricted net assets.

Reporting Entity

North St. Antoine Service, Inc. is a non-profit corporation organized to receive and administer the Governor of the State of Louisiana's Office of Urban Affairs & Development Grant funds for the agency.

Nature of Activities

North St. Antoine Service, Inc. (Organization) was organized to provide minigrants to schools, churches, and other community organizations to purchase necessary materials, equipment, and supplies in an effort to improve the individual academic performance levels of the 20% lowest achieving schools in Lafayette Parish.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting.

Income Taxes

North St. Antoine Service, Inc. 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

For the purposes of the statements of cash flows, the Organization considers all highly liquid debt instruments purchased with an original maturity of six months or less to be cash equivalents. There were no cash equivalents at June 30, 2004 and 2003.

Fixtures and Equipment

Fixtures and equipment are carried at cost. Depreciation is computed using the straight-line method over lives of three years.

NORTH ST. ANTOINE SERVICE, INC.

Notes to Financial Statements

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Uses of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 reporting period. Actual results could differ from those estimates.

NOTE 2 PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2004 and 2003 consisted of the following:

	<u>2004</u>	<u>2003</u>
Equipment	\$ 90,423	\$ 84,080
Furniture & fixtures	<u>4,097</u>	<u>4,097</u>
	94,520	88,177
Less: accumulated depreciation	<u>(73,053)</u>	<u>(57,691)</u>
	<u>\$ 21,467</u>	<u>\$ 30,486</u>

NOTE 3 COMPENSATION OF BOARD OF DIRECTORS

Directors do not receive any compensation for their services as Directors of the Organization. Directors may be reimbursed for their expenses, if any, incurred in carrying out the purposes of the Organization, provided that such reimbursement does not adversely affect the Organization's qualification under Section 501(c)(3) of the Internal Revenue Code.

NOTE 4 UNINSURED DEPOSITS

The Organization maintains its cash deposits in a high quality financial institution. Cash balances may, at times, exceed FDIC insurance coverage. At June 30, 2004 and 2003 there were no uninsured deposits.

NOTE 5 OPERATING LEASE

Prior to February 1, 2004, the Organization was in an operating lease with Seis, Ltd. for an area of office space located in Lafayette, La. Monthly rent was \$500 per month. This lease was canceled and on February 1, 2004 the Organization entered into a new three-year operating lease with PDP Enterprises for an area of office space located in Lafayette, La. Monthly rent is \$1,000 per month. This new lease may be canceled by either party, upon giving a thirty-day written notice.

INTERNAL CONTROL AND COMPLIANCE



(A Corporation of Certified Public Accountants)

Independent Auditor's Report on Compliance and On Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

The Board of Directors
North St. Antoine Service, Inc.
Lafayette, Louisiana

We have audited the financial statements of North St. Antoine Service, Inc. (a nonprofit corporation), as of and for the years ended June 30, 2004 and 2003, and have issued our report thereon dated October 21, 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.

Compliance

As part of obtaining reasonable assurance about whether North St. Antoine Service, 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 result of our tests disclosed no instances of noncompliance that is required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered North St. Antoine Service, 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 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 North St. Antoine Service, Inc.'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 04-1.

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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, we believe the reportable condition described above as 04-1, is a material weakness.

This report is intended solely for the information and use of the Board of Directors and management, and is not intended to be and should not be used by anyone other than those specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Darnall, Sikes & Frederick

A Corporation of Certified Public Accountants

Lafayette, Louisiana
October 21, 2004

NORTH ST. ANTOINE SERVICE, INC.

Summary Schedule of Prior Year Findings
Year Ended June 30, 2004

03-1 Finding: Inadequate Segregation of Accounting Functions
 Status: This finding is unresolved. See current year finding 04-1.

NORTH ST. ANTOINE SERVICE, INC.

Schedules of Findings and Questioned Costs
Year Ended June 30, 2004

Part 1: Summary of Auditor's Results

FINANCIAL STATEMENTS

Auditor's Report - Financial Statements

An unqualified opinion has been issued on North St. Antoine Service, Inc.'s financial statements as of and for the year ended June 30, 2004.

Reportable Conditions - Financial Reporting

One reportable condition in internal control over financial reporting was disclosed during the audit of the financial statements and is shown as item 04-1 in Part 2 and is considered to be a material weakness.

Material Noncompliance - Financial Reporting

There were no instances of noncompliance material to the financial statements disclosed during the audit of the financial statements.

FEDERAL AWARDS

This section is not applicable for the fiscal year ended June 30, 2004.

Part 2: Findings Relating to an Audit in Accordance with *Government Auditing Standards*

04-1 Inadequate Segregation of Accounting Functions

Finding:

Due to the small number of employees, North St. Antoine Service, Inc. did not have adequate segregation of functions within the accounting system.

Recommendation:

Based upon the size of the operation and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

NORTH ST. ANTOINE SERVICE, INC.

Management's Corrective Action Plan For Current Year Findings
Year Ended June 30, 2004

Response to Finding 04-1:

No response is considered necessary.