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LOUISIANA ASSOCIATION ON COMPULSIVE GAMBLING

SHREVEPORT, LOUISIANA

FINANCIAL STATEMENTS

June 30, 2007

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 4/2/08

Marsha O. Millican
Certified Public Accountant
Shreveport, Louisiana

LOUISIANA ASSOCIATION ON COMPULSIVE GAMBLING

Table of Contents

June 30, 2007

		<u>Page</u>
Independent Auditor's Report		1
Statement of Financial Position	Exhibit A	2
Statement of Activities	Exhibit B	3
Statement of Functional Expenses	Exhibit C	4
Statement of Cash Flows	Exhibit D	5
Notes to Financial Statements		6 - 9
Supplemental Information:		
Schedule of State Contracts		10
Corrective Action Taken on Prior Year Findings		11
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>		12 - 13
Schedule of Findings		14



Marsha O. Millican
CERTIFIED PUBLIC ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Louisiana Association on
Compulsive Gambling
Shreveport, Louisiana

I have audited the accompanying statement of financial position of Louisiana Association on Compulsive Gambling, (a non-profit organization) as of and for the year ended June 30, 2007. These financial statements are the responsibility of the Association'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, and Government Auditing Standards, issued by the Comptroller General of the United States. 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 general purpose 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 Louisiana Association on Compulsive Gambling as of June 30, 2007, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, I have also issued a report dated December 7, 2007 on my consideration of Louisiana Association on Compulsive Gambling's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements and other matters. The purpose of that report is to describe the scope of my 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 my audit.

My audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The schedule of state contracts listed in the table of contents as supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements of Louisiana Association on Compulsive Gambling. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in my opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

Marsha O. Millican

Certified Public Accountant
December 7, 2007

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LOUISIANA ASSOCIATION ON COMPULSIVE GAMBLING

Statement of Financial Position

June 30, 2007

ASSETS	
CURRENT ASSETS	
Cash and Cash Equivalents	\$ 102,127
Grants and Contracts Receivable	146,757
Prepaid Rent	<u>2,051</u>
Total Current Assets	250,935
PROPERTY AND EQUIPMENT (NET)	<u>576,107</u>
Total Assets	<u>\$ 827,042</u>
LIABILITIES AND NET ASSETS	
Accounts Payable and Accrued Expenses	\$ 41,616
Compensated Absences Payable	12,782
Notes Payable - Current Maturities	<u>13,467</u>
Total Current Liabilities	67,865
LONG-TERM LIABILITIES	
Notes Payable - net of Current Portion	<u>234,694</u>
Total Liabilities	302,559
Net Assets:	
Unrestricted	524,483
Temporarily Restricted	<u>-</u>
Total Net Assets	<u>524,483</u>
Total Liabilities and Net Assets	<u>\$ 827,042</u>

The accompanying notes are an integral part of this statement.

LOUISIANA ASSOCIATION ON COMPULSIVE GAMBLING
Statement of Activities

For the Year Ended June 30, 2007

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
SUPPORT AND REVENUE:				
Support:				
Contributions	\$ 168,009	\$ -	\$ -	\$ 168,009
Total Support	<u>168,009</u>	<u>-</u>	<u>-</u>	<u>168,009</u>
Revenue:				
Client fees	159,633	-	-	159,633
Program service fees	1,121,650	-	-	1,121,650
Miscellaneous	3,400	-	-	3,400
Total Support and Revenues	<u>1,452,692</u>	<u>-</u>	<u>-</u>	<u>1,452,692</u>
Net Assets Released from Restrictions:	-			
Satisfaction of Usage Restrictions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Support and Revenue	<u>1,452,692</u>	<u>-</u>	<u>-</u>	<u>1,452,692</u>
EXPENSES				
Program Expenses	1,180,532	-	-	1,180,532
Management and General	209,965	-	-	209,965
Total Expenses	<u>1,390,497</u>	<u>-</u>	<u>-</u>	<u>1,390,497</u>
Change in Net Assets	62,195	-	-	62,195
Other Expenses	-	-	-	-
Net assets, beginning of year	<u>462,288</u>	<u>-</u>	<u>-</u>	<u>462,288</u>
Net assets, end of year	<u>\$ 524,483</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 524,483</u>

The accompanying notes are an integral part of these statements.

Louisiana Association on Compulsive Gambling

Statement of Functional Expenses

Year Ended June 30, 2007

	CORE	Help Line Center	Intensive Outpatient Program	Suicide Line	Management and General	Total
Salaries	\$ 279,061	\$ 302,660	\$ 47,684	\$ 14,245	\$ 83,929	\$ 727,579
Payroll Taxes	22,869	26,041	3,805	1,009	15,218	68,942
Professional Fees	48,039	29,860	43,270	4,246	37,743	163,158
Food and Beverage	45,797	-	-	-	-	45,797
Equipment Rental	3,878	-	296	-	284	4,458
Utilities and Telephone	28,342	36,737	6,485	1,486	5,232	78,282
Rent	-	11,028	7,893	615	3,095	22,631
Supplies	5,926	-	-	-	-	5,926
Insurance	38,879	29,172	7,683	1,047	14,304	91,085
Repair and Maintenance	8,755	3,902	1,799	36	608	15,100
Auto	1,854	5,734	899	360	10,338	19,185
Licenses, Permits and Fees	1,056	143	600	-	204	2,003
Office Supplies	7,697	6,987	5,017	369	2,769	22,839
Travel	2,445	2,199	710	-	12,448	17,802
Printing and Literature	1,511	2,000	3,150	1,029	5,163	12,853
Dues and Subscriptions	1,065	88	-	-	5,318	6,471
Postage and Shipping	1,259	3,574	278	31	547	5,689
Miscellaneous	6,762	1,941	439	-	10,117	19,259
Depreciation	25,864	7,868	2,322	173	1,539	37,766
Interest	13,758	117	142	48	199	14,264
Advertising and Promotion	719	6,751	79	949	910	9,408
Total Expenditures	\$ 545,536	\$ 476,802	\$ 132,551	\$ 25,643	\$ 209,965	\$ 1,390,497

The accompanying notes are an integral part of this statement.

LOUISIANA ASSOCIATION ON COMPULSIVE GAMBLING

Statement of Cash Flows

For the Year Ended June 30, 2007

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ 62,195
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	37,766
Changes in assets and liabilities:	
Increase in grants and contracts receivable	(33,813)
Increase in prepaid rent	(2,051)
Increase in investments	-
Decrease in other current assets	-
Increase in accounts and accrued expenses	17,848
Increase in compensated absences payable	1,714
Net cash provided by operating activities	<u>83,659</u>

CASH FLOWS USED BY INVESTING ACTIVITIES:

Purchase of fixed assets	<u>(15,425)</u>
Net cash provided by investing activities	<u>(15,425)</u>

CASH FLOWS PROVIDED BY FINANCING ACTIVITIES:

Proceeds from borrowings	-
Principal payments on debt	<u>(11,921)</u>
Net cash used by financing activities	<u>(11,921)</u>

Net increase in cash	56,313
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CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>45,814</u>
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CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 102,127</u></u>
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Supplemental disclosures of cash flow information:

Cash paid during the year for interest expense	<u><u>\$ 15,919</u></u>
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The accompanying notes are an integral part of this statement.

LOUISIANA ASSOCIATION ON COMPULSIVE GAMBLING

Notes to Financial Statements

June 30, 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. General:

Louisiana Association on Compulsive Gambling is a nonprofit organization exempt for Federal income tax purposes under Section 501(C)(3) of the Internal Revenue Code and is exempt from federal and state income taxes.

B. Nature of Activities:

The purpose of the Association is to continue heightening public awareness that compulsive gambling is a preventable and treatable disease, through a combined strategy of educational, public policy changes and the efforts of individuals, families and all elements of the community working in concert.

C. Basis of Accounting:

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

D. Support and Revenue:

The Association receives its program service fees primarily from the State of Louisiana Department of Health and Hospitals and other State Agencies. Support and revenue received from those grants and contracts is recognized on a "net funded" basis whereby State of Louisiana Department of Health and Hospitals, Office for Addictive Disorders funding is recognized on a last-dollar-in basis. Related expenses incurred are "netted" first by client fees and food stamp income in determining grant funds to be recognized.

E. Cash and Cash Equivalents:

For purposes of cash flows, the organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

F. Property and Equipment:

Purchased property and equipment are stated at cost. Donated property and equipment are stated at their fair market value on the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from twenty five years for leasehold improvements and five to seven years for furniture and equipment.

(Continued)

LOUISIANA ASSOCIATION ON COMPULSIVE GAMBLING

Notes to Financial Statements

June 30, 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

G. Contributions and Memberships:

All contributions received are considered available for unrestricted use unless the donor specifies a restriction. Amounts received that are restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net asset are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Memberships are essentially honorary, as no goods or services are provided to the members in exchange for their membership dues.

H. 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.

I. Functional Allocation of Expenses:

The costs of providing the Association's various programs and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

2. Grants and Contracts Receivable:

Grants and contracts receivable at June 30, 2007 are as follows:

Department of Health and Hospitals	\$ 121,040
Other Receivables	<u>25,717</u>
Total	<u>\$ 146,757</u>

All grants and contracts receivable at June 30, 2007 are fully collectible.

(Continued)

LOUISIANA ASSOCIATION ON COMPULSIVE GAMBLING

Notes to Financial Statements

June 30, 2007

3. Property and Equipment:

Property and Equipment consists of the following:

Building and Land	\$	375,000
Leasehold Improvements		209,795
Furniture and Fixtures		64,206
Equipment		<u>142,278</u>
		791,279
Less Accumulated Depreciation	(<u>215,172)</u>
Property and Equipment - Net	\$	<u><u>576,107</u></u>

4. Rental Expense:

The Association leased the facilities that houses its treatment center, help line, intensive outpatient program and its administrative offices during the year on a month to month basis. Rental expense paid for the year under these leases totaled \$22,630 for the year ended June 30, 2007. Future lease commitments are as follows: 2008 - \$8,200.

5. Notes Payable:

Notes payable at June 30, 2007 consisted of the following:

Note payable to Hibernia Bank, interest at 5.950%, dated April 22, 2005, due on demand; if no demand is made, the note is due in 180 monthly installments of \$2,320 collateralized by building and land at 635 Stoner Street

	\$	248,161
Less: current maturities	(<u>13,467)</u>
Notes payable - log term	\$	<u><u>234,694</u></u>

Maturities of long-term debt including interest of \$99,226 are as follows:

Years ended June 30:

2008	\$	27,828
2009		27,828
2010		27,828
2011		27,828
2012		27,828
2013 and thereafter		<u>202,247</u>
Total	\$	<u><u>341,387</u></u>

LOUISIANA ASSOCIATION ON COMPULSIVE GAMBLING

Notes to Financial Statements

June 30, 2007

6. Economic Dependency

The Association received eighty eight (81) percent of its program service fees from three contracts through the State of Louisiana. The contracts are appropriated each year by federal and state governments. If budget cuts are made at the federal and/or state government level, the amount of funds the Council receives could be reduced and have an adverse impact on its operations. Management is not aware of any actions that will adversely affect the amount of funds the Association will receive in the next fiscal year.

LOUISIANA ASSOCIATION ON COMPULSIVE GAMBLING

Schedule of State Contracts

For the Year Ended June 30, 2007

<u>PROGRAM TITLE</u>	<u>CONTRACT NUMBER</u>	<u>PROGRAM OR AWARD AMOUNT</u>	<u>REVENUE RECOGNIZED</u>	<u>EXPENDITURES</u>
<u>U.S. Department of Health and Human Services</u>				
Passed through the Louisiana Department Of Health & Hospitals:				
Core Treatment Center	045552	\$ 499,400	\$ 387,685	\$ 387,685
Help Line	045553	363,000	353,540	353,540.00
Social Services	045555	57,400	35,385	35,385.00
Intensive Outpatient Treatment	045554	150,000	88,520	88,520.00
Video Poker Addiction Training	046540	6,500	3,375	3,375.00
Suicide Hotline	047095	78,911	26,991	26,991.00
Gambling Counselor Training	047096	18,000	18,000	18,000.00
Total - All State Contracts		<u>\$ 1,173,211</u>	<u>\$ 913,496</u>	<u>\$ 913,496</u>

LOUISIANA ASSOCIATION ON COMPULSIVE GAMBLING

Corrective Action Taken on Prior Year Findings

For the Year Ended June 30, 2007

There were no findings for the year ended June 30, 2006.



Marsha O. Millican
CERTIFIED PUBLIC ACCOUNTANT

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

Board of Directors
Louisiana Association on Compulsive Gambling
Shreveport, Louisiana

I have audited the financial statements of Louisiana Association on Compulsive Gambling as of and for the year ended June 30, 2007, and have issued my report thereon dated December 7, 2007. I conducted my 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.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Louisiana Association on Compulsive Gambling's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. Accordingly, I do not express an opinion on the effectiveness of the Council's internal control.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Association's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Association's financial statements that is more than inconsequential will not be prevented or detected by the Association's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Association's internal control.

My consideration of internal control was for the limited purpose described in the second paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control that I consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Louisiana Association on Compulsive Gambling's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

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This report is intended solely for the information and use of management and federal and state awarding agencies 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 Legislative Auditor as a public document.

Marsha D. Mulvaney

Certified Public Accountant
December 7, 2007

LOUISIANA ASSOCIATION ON COMPULSIVE GAMBLING

Schedule of Findings

For the Year Ended June 30, 2007

There are no findings for the year ended June 30, 2007.