

**SUNRISE HUMAN DEVELOPMENT AGENCY**  
Donaldsonville, Louisiana

**FINANCIAL REPORT**

June 30, 2006

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 1-31-07

**SUNRISE HUMAN DEVELOPMENT AGENCY**  
Donaldsonville, Louisiana

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Sunrise Human Development Agency  
Donaldsonville, Louisiana

We have audited the accompanying statements of financial position of **SUNRISE HUMAN DEVELOPMENT AGENCY** (a non-profit organization) as of June 30, 2006 and 2005, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **SUNRISE HUMAN DEVELOPMENT AGENCY** as of June 30, 2006 and 2005, 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 December 12, 2006, on our consideration of the **SUNRISE HUMAN DEVELOPMENT AGENCY's** internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 our audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

The accompanying financial statements have been prepared assuming that the Organization will continue as a going concern. As discussed in Note 2 to the financial statements, the Organization has experienced reductions in grant revenues and has suffered a recurring decrease in net assets that raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

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

*Faulkner & Winkler, LLC*  
Certified Public Accountants

Baton Rouge, Louisiana  
December 12, 2006

**SUNRISE HUMAN DEVELOPMENT AGENCY**  
 Donaldsonville, Louisiana

**STATEMENTS OF FINANCIAL POSITION**

June 30, 2006 and 2005

	<b>ASSETS</b>	
	<u>2006</u>	<u>2005</u>
<b>CURRENT</b>		
Cash	\$ 2,826	\$ 20,608
Accounts receivable	3,635	-
Prepaid expenses	<u>1,963</u>	<u>4,371</u>
 Total current assets	 8,424	 24,979
 <b>FURNITURE AND EQUIPMENT - net</b>	 <u>318</u>	 <u>563</u>
 Total assets	 <u>\$ 8,742</u>	 <u>\$ 25,542</u>
 <b>LIABILITIES AND NET ASSETS</b>		
 <b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 1,972	\$ 10,023
Line of credit	<u>3,000</u>	<u>-</u>
 Total current liabilities	 4,972	 10,023
 <b>NET ASSETS</b>	 <u>3,770</u>	 <u>15,519</u>
 Total liabilities and net assets	 <u>\$ 8,742</u>	 <u>\$ 25,542</u>

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

**SUNRISE HUMAN DEVELOPMENT AGENCY**  
Donaldsonville, Louisiana

**STATEMENTS OF ACTIVITIES**

For the years ended June 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
<b>REVENUE</b>		
Grants:		
Louisiana Office of Urban Affairs & Development	\$ 161,250	\$ 240,000
Louisiana Office of Community Services	5,000	5,005
Other	9,087	14,310
Medicaid	<u>7,957</u>	<u>3,595</u>
 Total revenue	 <u>183,294</u>	 <u>262,910</u>
 <b>EXPENSES</b>		
Direct services	115,272	186,247
General and administrative	<u>81,297</u>	<u>86,217</u>
 Total expenses	 <u>196,569</u>	 <u>272,464</u>
 Decrease in net assets before other income	 (13,275)	 (9,554)
 <b>OTHER INCOME</b>		
Gain on sale of fixed assets	<u>1,526</u>	<u>-</u>
 Decrease in net assets	 (11,749)	 (9,554)
 <b>NET ASSETS</b>		
Beginning of year	<u>15,519</u>	<u>25,073</u>
 End of year	 <u>\$ 3,770</u>	 <u>\$ 15,519</u>

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

**SUNRISE HUMAN DEVELOPMENT AGENCY**

Donaldsonville, Louisiana

**STATEMENTS OF CASH FLOWS**

For the years ended June 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Decrease in net assets	\$ (11,749)	\$ (9,554)
Adjustments to decrease increase in net assets:		
Gain on sale of fixed assets	(1,526)	-
Depreciation	245	422
Change in operating assets and liabilities:		
Accounts receivable and prepaid expenses	(1,227)	379
Accounts payable and accrued expenses	<u>(8,051)</u>	<u>7,874</u>
Net cash used for operating activities	<u>(22,308)</u>	<u>(879)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of fixed assets	<u>\$ 1,526</u>	<u>\$ -</u>
Net cash provided by financing activities	<u>1,526</u>	<u>-</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from debt issuance	23,000	10,000
Payments to retire debt	<u>(20,000)</u>	<u>(10,000)</u>
Net cash provided by financing activities	<u>3,000</u>	<u>-</u>
Net decrease in cash	(17,782)	(879)
<b>CASH</b>		
Beginning of year	<u>20,608</u>	<u>21,487</u>
End of year	<u>\$ 2,826</u>	<u>\$ 20,608</u>

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

**SUNRISE HUMAN DEVELOPMENT AGENCY**  
Donaldsonville, Louisiana

**NOTES TO FINANCIAL STATEMENTS**

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

**Organization and operations**

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

**Basis of presentation**

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

SHDA reports information regarding their financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. SHDA does not have any temporarily restricted or permanently restricted net assets at June 30, 2006 and 2005.

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

**Estimates**

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

**Cash**

For purposes of the statement of cash flows, SHDA considers cash in bank accounts as cash. SHDA has no cash equivalents at June 30, 2006 and 2005.



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

**Accounts receivable**

Accounts receivable represent grants from governmental units and agencies. SHDA does not require collateral. Since the majority of receivables are through government grants, management believes all accounts to be collectible at June 30, 2006 and 2005. Accordingly, a provision for doubtful accounts has not been recorded. Finally, SHDA considers receivables past due when it exceeds 30 days.

**Furniture, equipment and depreciation**

Furniture and equipment are recorded at cost and donated property is recorded at fair market value. Depreciation is computed using accelerated depreciation methods over the estimated service lives of the assets.

**Vacation and sick leave**

All full time employees of SHDA are entitled to annual vacation and sick leave. Employees are able to carryover 50% of unused sick days and ten vacation days to the subsequent year with a maximum of thirty days. At June 30, 2006 and 2005, accrued compensated absences were \$1,320 and \$2,350, respectively.

**Fair value financial instruments**

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

**Reclassifications**

Certain amounts in the June 30, 2005 financial statements have been reclassified to conform to the June 30, 2006 financial statement presentation.

**Income taxes**

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

**NOTE 2 - GOING CONCERN**

The financial statements SHDA have been presented on the basis that it is a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business.

The operations of SHDA have produced the following results:

- For each of the past two years, SHDA experienced net losses with the result that its net asset balance has been reduced from approximately \$25,000 as of June 30, 2004, to \$4,000 as of June 30, 2006. For the year ended June 30, 2006, SHDA had a net loss of approximately \$12,000,
- Net working capital was approximately \$3,500 as of June 30, 2006, and was \$15,000 as of June 30, 2005,
- The annual funding from grant agencies totaled approximately \$183,000 for the year ended June 30, 2006, compared to \$263,000 for the year ended June 30, 2005. Additionally, certain funding contracts are under consideration by the State of Louisiana with no commitments secured.

The matters described above question the ability of SHDA to fulfill its mission and maintain its financial solvency to continue as a going concern.

For 2006, SHDA intends to increase grant acquisition efforts to enhance revenues, and to reduce expenditures, where possible, to eliminate recurring operating losses. Additionally, SHDA is anticipating the receipt of a sufficient level of funding from the State of Louisiana to operate at a minimal level for 2007. Furthermore, management intends to eliminate the net cash flow deficit from operations during 2007. The ability of SHDA to continue as a going concern is dependent upon the success of these actions to eliminate the operating losses described above.

The financial statements do not include any adjustments relating to the recoverability of recorded asset or liability amounts that might be necessary should SHDA be unable to continue as a going concern.

**NOTE 3 - FURNITURE AND EQUIPMENT**

Furniture and equipment, related services lives, and accumulated depreciation at June 30, 2006 and 2005 are as follows:

	Estimated Service Lives	<u>2006</u>	<u>2005</u>
Equipment	5-7 years	\$ 33,506	\$ 33,506
Furniture	7 years	16,277	16,277
Vehicles	5 years	<u>13,369</u>	<u>33,992</u>
		63,152	83,775
Less accumulated depreciation		<u>(62,834)</u>	<u>(83,212)</u>
		<u>\$ 318</u>	<u>\$ 563</u>

Depreciation expense was \$245 and \$422 for 2006 and 2005, respectively.

**NOTE 4 - NOTE PAYABLE**

SHDA has a \$30,000 revolving line of credit of which \$27,000 was unused at June 30, 2006. Bank advances on the line (\$3,000 at June 30, 2006) are payable on demand and have an interest rate of 11%. The credit line is unsecured and expires on December 31, 2006. At June 30, 2005, the line of credit was unused.

Cash paid for interest expense was \$521 and \$204 for 2006 and 2005, respectively.

**NOTE 5 - OPERATING LEASES**

SHDA rents office space on a month-to-month lease agreement. Rent expense for the office amounted to \$13,900 and \$14,133 for 2006 and 2005, respectively. In-kind contributions related to the operating lease were recognized from March to June of 2006 for the amount of \$3,500 and is recorded in rent expense for 2006.

**NOTE 6 - ECONOMIC DEPENDENCY**

Revenues from the State of Louisiana, for 2006 and 2005, are \$166,250 and \$245,005, respectively. Accordingly, SHDA is economically dependent on the State of Louisiana.

**NOTE 7 - CONCENTRATIONS OF CREDIT RISK**

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

**Special Independent Auditors' Report**  
**SUNRISE HUMAN DEVELOPMENT AGENCY**  
Donaldsonville, Louisiana

June 30, 2006



**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  
Sunrise Human Development Agency  
Donaldsonville, Louisiana

We have audited the financial statements of **SUNRISE HUMAN DEVELOPMENT AGENCY (SHDA)** (a non-profit organization) as of and for the year ended June 30, 2006, and have issued our report thereon dated December 12, 2006. 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.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered SHDA's internal control over financial reporting to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting, that, in our judgment, could adversely affect SHDA's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as Item 2006-1.

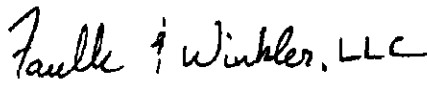
A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being 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, the reportable condition described above is also considered to be a material weakness as defined above.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether SHDA's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and 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 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*.

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

  
Faulk & Winkler, LLC  
Certified Public Accountants

Baton Rouge, Louisiana  
December 12, 2006

**SUNRISE HUMAN DEVELOPMENT AGENCY**  
Donaldsonville, Louisiana

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

June 30, 2006

**A) SUMMARY OF AUDIT RESULTS**

1. The auditor's report expresses an unqualified opinion on the financial statements of Sunrise Human Development Agency.
2. There were no instances of noncompliance material to the financial statements in relation to this audit.
3. There is one internal control finding that is described in Item 2006-1.

**B) FINDING – FINANCIAL STATEMENT AUDIT**

**2006-1 Segregation of Duties**

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

However, during 2005, the Treasurer began reviewing the monthly bank statements and related cleared checks, monthly financial statement, including detailed general ledger review, and monthly billing of revenue to the State of Louisiana.

**Recommendation:** We recommend that the Treasurer continue to perform the procedures listed above.

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

**SUNRISE HUMAN DEVELOPMENT AGENCY**  
Donaldsonville, Louisiana

**SCHEDULE OF PRIOR YEAR FINDINGS**

June 30, 2006

**2005-1 – Segregation of Duties**

**Prior year finding:**

This finding has been reclassified at finding 2006-1.



**SUNRISE HUMAN DEVELOPMENT AGENCY**  
Donaldsonville, Louisiana

**SCHEDULE OF OPERATING EXPENSES**

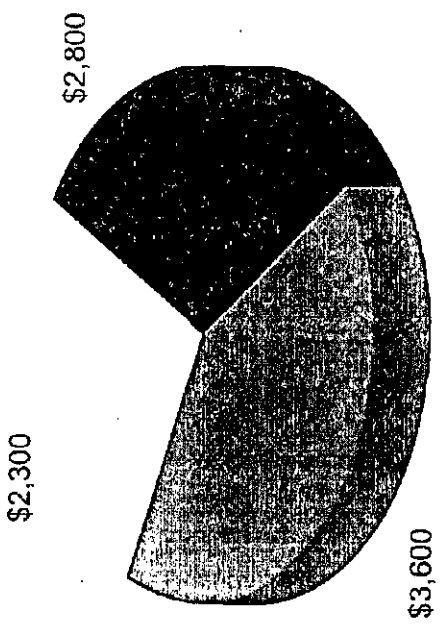
For the year ended June 30, 2006  
(With comparative totals for 2005)

	Direct	General and	Totals	
	Services	Administrative	2006	2005
Salaries	\$ 62,234	\$ 61,737	\$ 123,971	\$ 173,996
Payroll taxes	4,159	5,985	10,144	16,305
Professional	10,884	6,913	17,797	31,920
Rent and leases	10,500	3,400	13,900	14,133
Insurance	11,288	-	11,288	14,359
Utilities and telephone	12,408	-	12,408	10,805
Office supplies	-	1,443	1,443	3,438
Maintenance	2,533	-	2,533	3,018
Travel	1,032	-	1,032	2,398
Postage	-	502	502	520
Depreciation	-	246	246	422
Interest	-	521	521	204
Other	234	550	784	946
<b>Total</b>	<b>\$ 115,272</b>	<b>\$ 81,297</b>	<b>\$ 196,569</b>	<b>\$ 272,464</b>

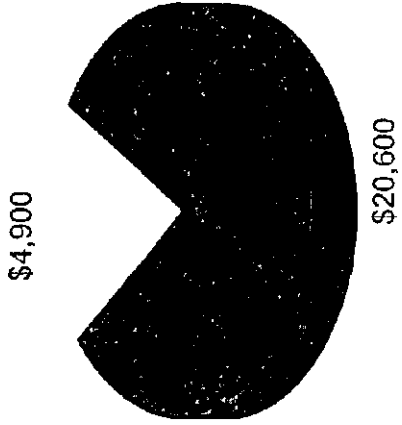
# STATISTICAL INFORMATION

# ASSETS

## SUNRISE HUMAN DEVELOPMENT AGENCY



JUNE 30, 2006



JUNE 30, 2005

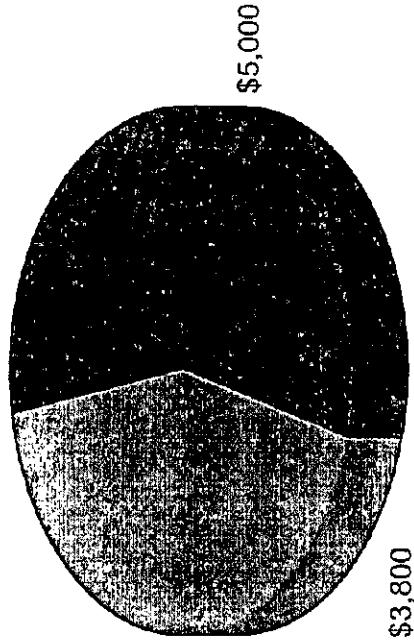
■ CASH	□ ACCOUNTS RECEIVABLE	○ OTHER
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TOTAL ASSETS = \$8,700

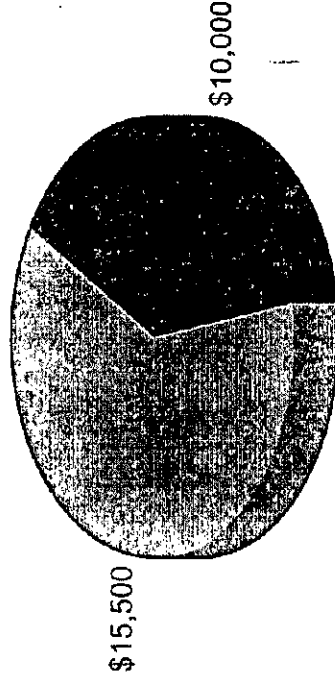
TOTAL ASSETS = \$25,500

# LIABILITIES AND NET ASSETS

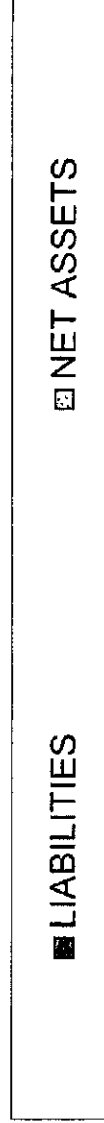
## SUNRISE HUMAN DEVELOPMENT AGENCY



JUNE 30, 2006



JUNE 30, 2005

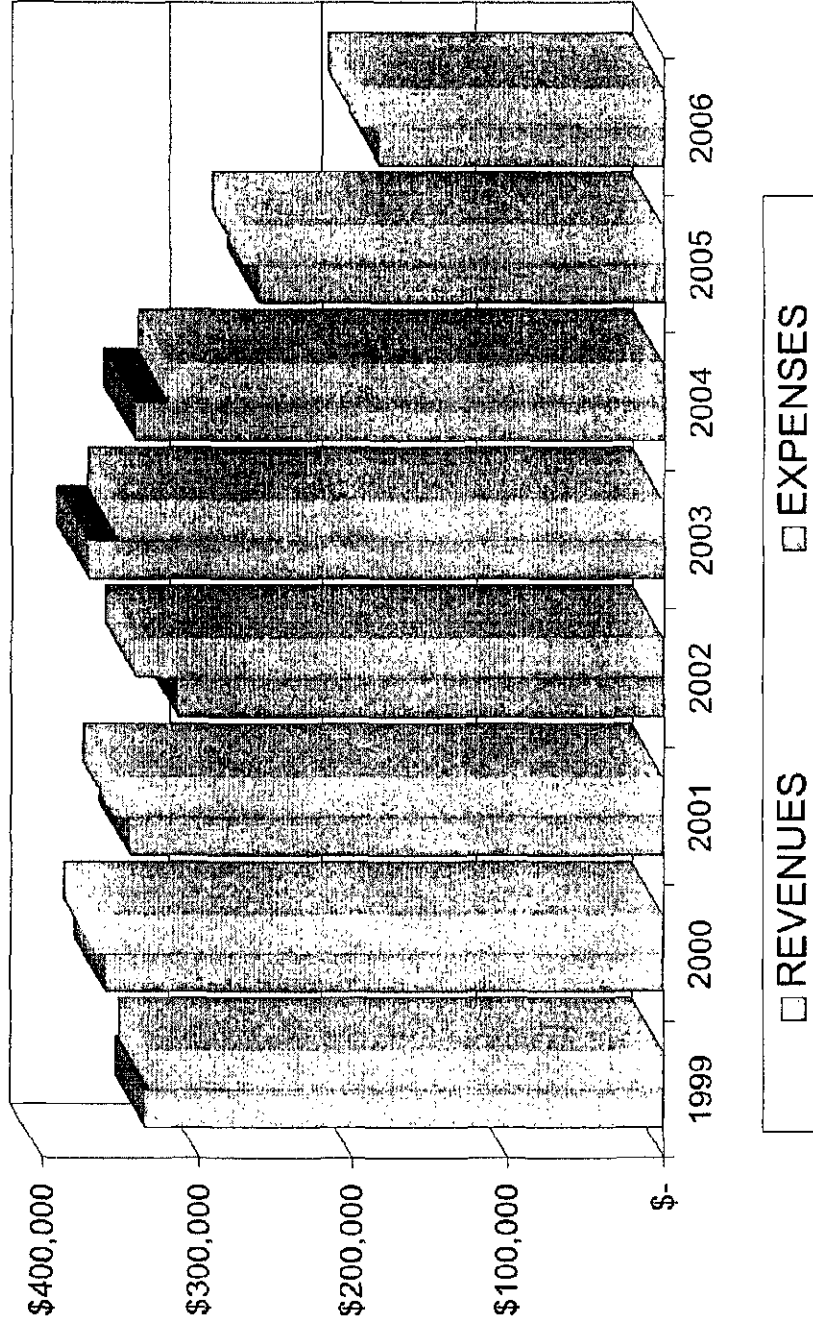


LIABILITIES = \$5,000  
NET ASSETS = \$3,800

LIABILITIES = \$10,000  
NET ASSETS = \$15,500

# REVENUES AND EXPENSES

## SUNRISE HUMAN DEVELOPMENT AGENCY



# EXPENSE ANALYSIS

## SUNRISE HUMAN DEVELOPMENT AGENCY

