

c-7098

Southeast Spouse Abuse Program

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Annual Financial Statements

As of and for the Year Then Ended June 30, 2008



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.

BRUCE HARRELL & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS
A Professional Accounting Corporation

Release Date 1/28/09

Southeast Spouse Abuse Program
Annual Financial Statements
As of and for the Year Ended June 30, 2008
With Supplemental Information Schedules

TABLE OF CONTENTS

	Page
Independent Auditor's Report.....	3
Basic Financial Statements:	
Statement of Financial Position	4
Statement of Activities.....	5
Statement of Functional Expenses	6
Statement of Cash Flows	7
Notes to the Financial Statements.....	8
Other Required Schedules and Reports:	
Schedule of Prior Year Audit Findings.....	17
Schedule of Current Year Audit Findings.....	19
Report on Compliance and on Internal Control Structure over Financial Reporting Based On an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	21

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Independent Auditor's Report

To the Board of Directors
of the Southeast Spouse Abuse Program
Hammond, Louisiana

We have audited the accompanying statement of financial position of the Southeast Spouse Abuse Program as of June 30, 2008, and the related statements of activities, functional expenses, and cash flows for the year ended. These financial statements are the responsibility of Southeast Spouse Abuse Program's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Southeast Spouse Abuse Program's internal control over financial reporting. Accordingly, we express no such opinion. 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 respective financial position of the Southeast Spouse Abuse Program, as of June 30, 2008, and the respective changes in its net assets and its cash flows where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Bruce Harrell & Company, CPAs
A Professional Accounting Corporation

November 12, 2008

**Southeast Spouse Abuse Program
Statement of Financial Position
As of June 30, 2008**

	2008
Assets	
Current Assets:	
Cash and Cash Equivalents	\$ 111,496
Receivables, Net :	
Governmental Revenues	164,743
Unconditional Promises to Give, United Way	23,645
Prepaid Insurance and Deposits	10,870
Total Current Assets	310,754
Property, Plant, and Equipment	
Land	21,150
Property, Plant and Equipment, Net	92,379
Total Property, Plant, and Equipment	113,529
Total Assets	\$ 424,283
Liabilities	
Current Liabilities (Payable From Current Assets):	
Accounts Payable	\$ 386
Other Accrued Payables	13,260
Long Term Debt - Current Portion	1,221
Total Current Liabilities (Payable From Current Assets)	14,867
Long Term Liabilities:	
Long Term Debt	85,895
Total Long Term Liabilities	85,895
Total Liabilities	100,762
Net Assets	
Unrestricted	300,221
Temporarily Restricted	23,300
Permanently Restricted	-
Total Net Assets	323,521
Total Liabilities and Net Assets	\$ 424,283

The accompanying notes are an integral part of this statement.

Southeast Spouse Abuse Program
Statement of Activities
For the year ended June 30, 2008

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Totals</u>
Operating Revenues				
Public Support				
Grants				
Office of Women's Policy				
State General Fund	\$ -	\$ 269,326	\$ -	\$ 269,326
Temporary Assistance for Needy Families	-	110,181	-	110,181
Louisiana Marriage License Fund	-	17,996	-	17,996
Louisiana Commission on Law Enforcement				
Crime Victims Assistance	-	41,360	-	41,360
Stop Violence Against Women's Act	-	17,485	-	17,485
City of Hammond				
Emergency Shelter Grant Program	-	12,912	-	12,912
Interest on Lawyers Trust Account	-	18,218	-	18,218
Louisiana Coalition Against Domestic Violence	-	4,839	-	4,839
Department of Housing and Urban Development				
Transitional Housing	-	126,853	-	126,853
Extended Housing	-	81,413	-	81,413
Promises to Give				
United Way	-	23,644	-	23,644
Fundraising and Contributions	3,960	-	-	3,960
Investment Income	493	-	-	493
Other Revenues	-	-	-	-
Net Assets released from Restrictions	724,227	(724,227)	-	-
Total Operating Revenues	<u>728,680</u>	<u>-</u>	<u>-</u>	<u>728,680</u>
Operating Expenses				
Program Services	543,215	-	-	543,215
Management and General	105,698	-	-	105,698
Fund Raising	3,910	-	-	3,910
Total Operating Expenses	<u>652,823</u>	<u>-</u>	<u>-</u>	<u>652,823</u>
Change in Net Assets from Operations	<u>75,857</u>	<u>-</u>	<u>-</u>	<u>75,857</u>
Change in Net Assets	<u>75,857</u>	<u>-</u>	<u>-</u>	<u>75,857</u>
Total Net Assets, Beginning, Before Adjustments	240,286	23,300	-	263,586
Prior Period Adjustments	(15,922)	-	-	(15,922)
Total Net Assets, Beginning After Adjustments	<u>224,364</u>	<u>23,300</u>	<u>-</u>	<u>247,664</u>
Total Net Assets, Ending	<u>\$ 300,221</u>	<u>\$ 23,300</u>	<u>\$ -</u>	<u>\$ 323,521</u>

The accompanying notes are an integral part of this statement.

**Southeast Spouse Abuse Program
Statement of Functional Expenses
For the year ended June 30, 2008**

	<u>Spouse Abuse Services</u>	<u>Temporary Housing Assistance</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total</u>
Expenses						
Salaries and Wages	\$ 194,833	\$ 13,917	\$ 208,750	\$ 66,801	\$ 2,782	\$ 278,333
Employee Benefits	28,438	2,031	30,469	9,749	408	40,626
Client Expenses						
Apartments	-	134,741	134,741	-	-	134,741
Emergency Needs	79,640	-	79,640	-	-	79,640
Communications	6,782	484	7,266	2,423	-	9,689
Depreciation	4,029	288	4,317	1,438	-	5,755
Insurance	13,572	969	14,541	4,847	-	19,388
Interest	3,933	281	4,214	1,404	-	5,618
Professional Fees	11,197	800	11,997	3,998	-	15,995
Rent	1,329	95	1,424	474	-	1,898
Repairs and Maintenance	9,236	660	9,896	3,298	-	13,194
Supplies	14,941	1,067	16,008	5,336	-	21,344
Travel	8,369	598	8,967	2,988	-	11,955
Utilities	4,457	318	4,775	1,592	-	6,367
Other	5,796	414	6,210	1,350	720	8,280
Total Expenses	<u>\$ 386,552</u>	<u>\$ 156,663</u>	<u>\$ 543,215</u>	<u>\$ 105,698</u>	<u>\$ 3,910</u>	<u>\$ 652,823</u>

The accompanying notes are an integral part of this statement.

**Southeast Spouse Abuse Program
Statement of Cash Flows
For the year ended June 30, 2008**

Cash Flows From Operating Activities

Change in Net Assets	\$	75,857
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation		5,755
Changes in operating assets and liabilities		
(Increase) decrease in receivables		(37,001)
(Increase) decrease in other assets		(2,757)
Increase (decrease) in accounts payable		(2,659)
Increase (decrease) in accrued payables		20
Net Cash Provided by (Used by) Operating Activities		39,215

Cash Flows From Investing Activities

Purchases of property		(23,234)
Net Cash (Used) by Investing Activities		(23,234)

Cash Flows From Financing Activities

Repayment of debt		(1,121)
Net Cash (Used) by Financing Activities		(1,121)

Net Cash Increase (Decrease) in Cash and Cash Equivalents

14,860

Cash and Cash Equivalents, Beginning of Year

96,636

Cash and Cash Equivalents, End of Year

\$ 111,496

Supplemental disclosures of cash flow information

Cash paid during the year for interest	\$	5,618
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The accompanying notes are an integral part of this statement.

Southeast Spouse Abuse Program
Notes to the Financial Statements
As of and for the Year Ended June 30, 2008

Introduction

The Southeast Spouse Abuse Program (the Program) was originally established as the Tri Parish Spouse Abuse Program in 1981. The Program changed its name to its current form in March of 1982, when Washington Parish was added to the service area. The Program is a nonprofit corporation for the purpose of providing the following:

- Emotional and psychological support to victims of family violence through the provision of crisis intervention and support counseling, advocacy, and referrals for other forms of necessary assistance.
- Information on the alternatives available to abused spouses, including information on shelter, public benefits, and legal and criminal justice systems.
- Assistance to victims of family violence in establishing lives free from violence through help in searching for employment, housing and child care.
- Education to the people of Tangipahoa, St. Helena, Livingston, and Washington Parishes about the issues, concerns, and problems involved in family violence. This includes the training of law enforcement, health care, social service, and legal personnel who affect the lives of abused spouses.

1. Summary of Significant Accounting Policies

A. Restrictions on Net Assets

Revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Program and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to any donor-imposed stipulations.

Temporarily restricted net assets – Net assets subject to donor-imposed restrictions on their use that may be met either by actions of the Program or the passage of time.

Permanently restricted net assets – Net assets subject to donor-imposed or other legal restrictions requiring that the principal be maintained permanently by the Program. Generally, the donors permit the Program to use all or part of the income earned for either general or donor-specified purposes.

B. Comparative Information and Reclassifications

The financial statements are presented with certain prior year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Program's financial statements for the year ended June 30, 2007, from which the summarized information was derived.

Southeast Spouse Abuse Program
Notes to the Financial Statements
As of and for the Year Ended June 30, 2008

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

C. Use of 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 in the financial statements. Estimates and assumptions may also affect disclosure of contingent assets and liabilities at the date of the financial statement, and the reported amounts of revenues and expenses. Actual results could differ from management's estimates.

D. Cash and Cash Equivalents

The Program's cash and cash equivalents are considered to be cash on hand, demand deposits, time deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Cash equivalents consisted of \$111,496 at June 30, 2008, which was insured by Federal Deposit Insurance of \$100,000, and contained an uninsured cash balance of \$11,496. Statement of Financial Accounting Standards No.105 identifies deposits maintained at financial institutions in excess of federally insured limits as a concentration of credit risk requiring disclosure, regardless of the degree of risk.

E. Investments

Investments are reported at fair value. Investment income classified as operating revenue consists of interest and dividend income on investments and gains approved for use in operations. All other realized and unrealized gains or losses are classified as non-operating activity and are available to support operations in future years and to offset potential market declines. Investments classified as current are available for operations in the next fiscal year.

Various methods and assumptions were used to estimate the fair value of each class of financial instruments. Cash and cash equivalents are valued at their carrying amount due to their short maturities. Investments are reported at fair value based on quoted market prices. Debt is valued at rates currently available to the Program for issuances with similar terms and remaining maturities.

F. Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out method. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

G. Property and Equipment

Purchases of land, buildings, and other property having a unit cost per established guidelines and a useful life of three or more years are capitalized at cost. Donated assets are capitalized at the estimated fair value at date of receipt. Interest expense incurred during a period of construction, less related interest income earned on proceeds of tax-exempt borrowings, is capitalized. Property under capital leases is amortized over the lease term. Any gain or loss on sale of land, buildings and other property is reported as other revenues on the statement of activities.

**Southeast Spouse Abuse Program
Notes to the Financial Statements
As of and for the Year Ended June 30, 2008**

The Program maintains a threshold level of \$500 or more for capitalization of property and equipment and depreciates all capitalized assets, other than land over the following estimated useful lives: buildings thirty nine years and computers, office furniture and equipment five years.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

H. Revenue Recognition

Contributions, which include unconditional promises to give (pledges), are recognized as revenues in the period received or promised. Conditional contributions are recorded when the conditions have been met. Contributions are considered to be unrestricted unless specifically restricted by the donor.

The Program reports contributions in the temporarily or permanently restricted net asset class if they are received with donor stipulations as to their use. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are released and reclassified to unrestricted net assets in the consolidated statement of activities. Donor-restricted contributions are initially reported in the temporarily restricted net asset class, even if it is anticipated such restrictions will be met in the current reporting period.

Product or service revenue is generally recognized upon delivery of the product or services to the customer.

Gains and losses on investments and other assets and liabilities are reported as increases and decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law.

I. Concentrations of Revenue

The Organization had the following concentration of revenue sources for the fiscal year ending June 30, 2008

Governmental Revenues

Grants

Office of Women's Policy	\$ 397,503	55%
Louisiana Commission on Law Enforcement	58,845	8%
City of Hammond	12,912	2%
Interest on Lawyers Trust Account	18,218	2%
Louisiana Coalition Against Domestic Violence	4,839	1%
Department of Housing and Urban Development	208,266	28%

Promises to Give

United Way	23,644	3%
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Other Revenues

	4,453	1%
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Total Revenue	\$ <u>728,680</u>	100.00%
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Southeast Spouse Abuse Program
Notes to the Financial Statements
As of and for the Year Ended June 30, 2008

J. Contributed Services and Materials

Contributed services are reported at fair value in the financial statements for voluntary donations of services when those services (1) create or enhance non-financial assets or (2) require specialized skills provided by individuals possessing those skills and are services which would be typically purchased if not provided by donation. The Program did not record contributed services revenue for the year ended June 30, 2008.

Donated materials are recorded at their fair value at the date of the gift. The Program does not imply time restrictions for gifts of long-lived assets. As a result, in the absence of donor-imposed restrictions, gifts of long-lived assets are reported as unrestricted revenue.

The program receives donated clothing and supplies in an agency role from various donors with the restriction to disperse these supplies to women on an as needed basis. The Program maintains a listing of these items and assigns an estimated value at the time of donation. However, in accordance with *FASB 116, Accounting for Contributions Received and Contributions Made*, since the Program is only acting in an agency role, the value of the donated items and corresponding donations made out by the Program are not recorded in the financial statements.

K. Income Taxes

The Southeast Spouse Abuse Program is a not-for-profit Program. The Program is exempt from federal income taxes under Section 501(c) (3) of the Internal Revenue Code, except on net income derived from unrelated business activities. The Program has been classified as a Program that is not a private foundation under Section 509(a) (2) of the Internal Revenue Code and qualifies for the fifty percent charitable contribution deduction for individual donors.

**Southeast Spouse Abuse Program
Notes to the Financial Statements
As of and for the Year Ended June 30, 2008**

2. Receivables

The Organization anticipates collection of outstanding public support receivables as follows at June 30, 2008

Governmental Revenues

Grants

Office of Women's Policy	
State General Fund	\$ 72,882
Temporary Assistance for Needy Families	18,607
Louisiana Marriage License Fund	-
Louisiana Commission on Law Enforcement	
Crime Victims Assistance	20,287
Stop Violence Against Women's Act	22,091
City of Hammond	
Emergency Shelter Grant Program	2,068
Interest on Lawyers Trust Account	5,968
Louisiana Coalition Against Domestic Violence	4,839
Department of Housing and Urban Development	
Transitional Housing	8,410
Extended Housing	8,416
Undeposited Funds	1,075
Promises to Give	
Tangipahoa Area United Way	19,845
Bogalusa Area United Way	3,800
Amount receivable in one to five years	_____
Total receivable before allowance for uncollectible amounts	188,288
Less allowance for uncollectible amounts	-
Total receivables, net	\$ <u>188,288</u>

**Southeast Spouse Abuse Program
Notes to the Financial Statements
As of and for the Year Ended June 30, 2008**

3. Property and Equipment

The cost and accumulated depreciation of land, buildings, and other property were as follows at June 30, 2008

	2008
Land	\$ 21,150
Buildings and improvements	80,876
Furniture and Equipment	68,869
Vehicles	-
Other Depreciable Property	-
Total cost of assets placed in service	170,895
Less accumulated depreciation	(57,366)
Property and equipment, net	\$ 113,529

Depreciation expense of \$5,755 was recorded for the year ending June 30, 2008. A significant portion of the above fixed assets were acquired with restricted assets. The title to this property and equipment may revert to the State of Louisiana should the Program cease operations.

During the audit process for the fiscal year ending June 30, 2008, management reviewed the fixed asset listing for fully depreciated assets either, no longer utilized, present, or available to the program. After this review, \$50,999 of fully depreciated assets were removed from the listing. It is management's belief that these assets, some of which date back to the 1990's, were disposed of in prior periods, but never removed from the listings.

4. Accrued Vacation and Sick Leave

Vacation days are earned at the rate of eight hours per month that an employee satisfactorily completes work. No more than ten vacation days may be carried over from one calendar year to another. Compensation for days remaining will be paid upon termination of employment at the end of each pay period as if that employee had worked during the period. At June 30, 2008, accrued vacation payable is \$8,081.

Sick leave is earned at the rate of eight hours per month that an employee satisfactorily completes work. No more than fifteen days may be carried over from one calendar year to another. This benefit is not payable upon termination and therefore no accrual is made.

Southeast Spouse Abuse Program
Notes to the Financial Statements
As of and for the Year Ended June 30, 2008

5. Debt

On October 19, 2005, the Program borrowed \$90,000 from Ponchatoula Homestead Bank, now First Guaranty Bank, at an interest rate of 6.375 percent to purchase an office facility consisting of approximately 4,000 square feet located on 1.41 acres. The cost of the land and building was \$80,000. The Program borrowed an additional \$10,000 to purchase a septic system and other improvements as deemed necessary. The loan is secured by the security interest granted and all deposit accounts and certificates of deposit, now owned or hereafter acquired.

Debt consists of the following at June 30, 2008

	2008
Note Payable: \$ 90,000	
Dated 12/31/2005, due in monthly installments of principal and interest of \$ 562 through 10/20/2035 interest at 6.375%	\$ 87,116
Total long term debt	87,116
Less current portion	(1,221)
Debt, noncurrent portion	\$ 85,895

Scheduled maturities for long term obligations at June 30, 2008

Years ending June 30:	Principal	Interest	Total
2009	\$ 1,221	\$ 5,517	\$ 6,738
2010	1,302	5,437	6,739
2011	1,387	5,351	6,738
2012	1,479	5,260	6,739
2013	1,576	5,163	6,739
2014 to 2018	9,572	24,123	33,695
2019 to 2023	13,155	20,540	33,695
2024 to 2028	18,078	15,617	33,695
2029 to 2033	24,843	8,852	33,695
2034 to 2036	14,503	1,135	15,638
Total	\$ 87,116	\$ 96,995	\$ 184,111

**Southeast Spouse Abuse Program
Notes to the Financial Statements
As of and for the Year Ended June 30, 2008**

6. Allocation of Expenses

In some cases, common expenses are incurred which support the work performed under more than one grant or contract. Such expenses are allocated as agreed by the funding Programs or in the absence of an agreement, on the basis which appears most reasonable to the Southeast Spouse Abuse Program.

7. Leases

The Southeast Spouse Abuse Program leases office space from the Y.M.C.A. in Bogalusa, Louisiana on a month to month basis for \$200 per month. For the year ended June 30, 2008, the amount charged to rent expense under this lease was \$2,400.

8. Related Parties

One of the Southeast Spouse Abuse Program's board members is the Administrative Director of Southeast Louisiana Legal Services (SLLS). The Program's bylaws reserved a permanent position on its board to SLLS as the founding agency of Southeast Spouse Abuse Program up until the board voted to eliminate the requirement in April of 2008. The Programs operate autonomously of each other and do not have common control. During the fiscal year ending June 30, 2008, the Program did not receive funding from SLLS.

9. Donation of Property

During the fiscal year ending June 30, 2003, the Southeast Spouse Abuse Program received a donation of a house and property located in Franklinton, Louisiana. The Program was to take physical possession of the property at the death of the donor. The Southeast Spouse Abuse Program agreed to purchase property and liability insurance and pay the court costs, but will not be responsible for repairs until the Program has taken physical possession of the property. In March of 2008, the donor passed away. The current plan of action of the Program is to put the property on the market. The property is currently vacant. At June 30, 2008, no amount has been recorded as revenue from this donation.

10. Retirement System

Employees of the Program are members of the Social Security system. In addition to employee payroll deductions, Program funds are remitted to match the employee contributions. Aggregate contributions to the Social Security system for the year ended June 30, 2008 were approximately \$ 17,000.

11. Contingent Liabilities

At June 30, 2008, the Program was not involved in any outstanding litigation or claims.

**Southeast Spouse Abuse Program
Notes to the Financial Statements
As of and for the Year Ended June 30, 2008**

12. Prior Period Adjustments

The following prior period adjustments were recorded to the beginning net assets at June 30, 2007

Unrestricted Net Assets Before Prior Period Adjustments at June 30, 2007	\$	240,286
Removal of rescinded billings to the Department of Housing and Urban Development for the months April and May 2007, which were rebilled and reimbursed under different amounts in the prior period. This entry removes the duplicate billings for these months in the June 30, 2007 financial statements.		(19,370)
Removal of a receivable from the Louisiana Department of Revenue		(499)
Adjustment to Depreciation Expense to coincide with cumulative computed amounts at June 30, 2007.		(2,222)
Additional revenue under the Stop Violence against Women Act grant, which was not recorded during the fiscal year ending June 30, 2007.		6,169
Unrestricted Net Assets After Prior Period Adjustments at June 30, 2007	\$	<u>224,364</u>

**Southeast Spouse Abuse Program
Summary Schedule of Prior Year Audit Findings
For the Year Ended June 30, 2008**

Reference Number: 07-01 Multiple Checks for Loan Payments.

Year Initial Finding Occurred: Fiscal year ending June 30, 2007

Description of Finding:

The finding, dating from the fiscal year ending June 30, 2007, noted that as a result of the prior auditor's tests of cash disbursements, it was determined that duplicate checks had been written for loan payments. These checks had not cleared the bank, but caused the expenses to be overstated and cash understated on the books, prior to an adjustment made during the audit process.

Description of Corrective Action Taken (Response by Management):

Management hired an external accountant to perform monthly bank reconciliations and to review the status of uncleared checks. During the current year's audit, based on review of the June 30, 2008 bank reconciliation and general ledger detail of the loan account, no duplications were noted. The balance in the ending general ledger correlated with the confirmed amount.

Corrective Action Taken: Final

Reference Number: 07-02 Cash Controls Silent Auction.

Year Initial Finding Occurred: Fiscal year ending June 30, 2007

Description of Finding:

The finding, dating from the fiscal year ending June 30, 2007, noted that the Southeast Spouse Abuse Program had a silent auction, but did not maintain a master list of participants to allow for the reconciliation of cash receipts to bids and general ledger. Deposits were recorded by name and bids were recorded by number.

Description of Corrective Action Taken (Response by Management):

During the silent auction held for the current fiscal year, the Program utilized a master list showing bidders name with a number and related contact information. There was a separate list matching items to the bidder's numbers.

Corrective Action Taken: Final

**Southeast Spouse Abuse Program
Summary Schedule of Prior Year Audit Findings
For the Year Ended June 30, 2008**

Reference Number: 07-03 In Kind Donations.

Year Initial Finding Occurred: Fiscal year ending June 30, 2007

Description of Finding:

The finding, dating from the fiscal year ending June 30, 2007, noted that the Southeast Spouse Abuse Program received in kind donations. These donations were used for match requirements for some of the grants. In the past records have been kept on these donations so the value could be recorded on the books. During the audit period, some of the records for the in kind donations were not available since no one was designated to maintain the records.

Description of Corrective Action Taken (Response by Management):

Starting in January of 2008, and the release of the 2007 audit report, management began tracking monthly in kind donations by donor, amount, description of goods and the date of donation. These lists were maintained up to the month including the date of this report.

Corrective Action Taken: Final

Reference Number: 07-04 Incomplete and Missing grant files.

Year Initial Finding Occurred: Fiscal year ending June 30, 2007

Description of Finding:

The finding, dating from the fiscal year ending June 30, 2007, noted that four grants representing approximately one third of the grant revenues were reviewed for compliance with grant regulations. Some of the files for these grants were not available and some were incomplete. Documentation was not available to support grant requests, match requirements, and no schedules were maintained to monitor deadlines or cost allocations. Some grant funds had been lost and others cut back due to poor documentation.

Description of Corrective Action Taken (Response by Management):

All grants requested as support and related billings were supplied and available during the audit. During the audit, a schedule was developed to use as a basis for assisting management in tracking grant deadlines and expenditure subcategories related to each funding source. All checks requested to support recorded revenue were made available. The tracking schedule listing out each grants pertinent deadlines and subcategories will be utilized moving forward.

Corrective Action Taken: Final

**Southeast Spouse Abuse Program
Summary Schedule of Current Year Audit Findings
For the Year Ended June 30, 2008**

Section I - Internal Control and Compliance Material to the Financial Statements

No Findings for Section I.

Section II - Internal Control and Compliance Material to Federal Awards

Reference Number: 08-01 Incorrect posting of grant revenue

Description of Finding:

During the course of the 2008 audit, there were a few instances of incorrect recording of grant related revenues in the general ledger presented. These were the exception, rather than the rule. Revenue was generally recorded correctly.

During the current fiscal year, the Program brought in an external accountant to assist in monthly recording of information in its accounting system. However, there were specific issues regarding grant billing and recording issues which were not completely resolved regarding items occurring prior to the new external accountant arriving. Due to the time and corresponding cost to the program for the accountant to decipher all of the specifics of the grant issues, some of these items were not previously addressed. The external accountant did make an entry to correct the major issue in HUD funding as described in the prior period adjustments footnote involving an amount of \$19,370 on an overstated receivable at 6/30/07 recorded in the prior period's audited financial statements.

During the audit process we specifically identified HUD billings from the prior year which were submitted, then rescinded, and then re-billed with different amounts and combined with the next month's billing. The original billings from the prior year were never removed from the general ledger, until the entry to correct these billings was made by the external accountant under the new executive director. We also identified duplicate entries for the same billings in TANF, as well as timing issues to record the June 2008, billing in the proper fiscal period. In VAWA, we identified a receipt received in September of 2008, for revenue for both the fiscal periods ending June 30, 2007 and 2008, which had been recorded as revenue for the fiscal period ending June 30, 2009.

The current year billings for the fiscal year ending June 30, 2008 and the related receivables appeared for the most part, to be properly recorded and managed under the current system. However, occasional miss-postings or timing issues were noted in the recording of revenue.

To improve controls for detecting and adjusting for these exceptions, it is our recommendation that the executive director match the monthly billings submitted for each of the ten bill-for-reimbursement type funding sources the program receives back, to the actual postings in the related revenue account inside the general ledger on a monthly basis. The external accountant would then be responsible for reconciling the discrepancies. We believe this would assist the program in detecting miss-postings on a timely basis.

**Southeast Spouse Abuse Program
Summary Schedule of Current Year Audit Findings
For the Year Ended June 30, 2008**

Description of Corrective Action Taken (Response by Management):

The management of Southeast Spouse Abuse Program acknowledges the concern addressed in the audit. It is understood that it is believed by the auditor that these are the exceptions rather than the rule; however, we plan the following corrective actions to address the concern. First, management agrees to follow the recommendation of the auditor that the executive director should match monthly billings submitted for each of the ten bill-for-reimbursement type funding sources the program receives to the postings in the related revenue accounts inside the general ledger on a monthly basis. Secondly, the executive director and the administrative assistant will work side-by-side and utilize a portion of our supervision time on a monthly basis to ensure that the matches are being made. Should any discrepancies be uncovered during this process either the executive director or the administrative assistant will make the external accountant aware of the findings and she will then be responsible for reconciling the discrepancies. The executive director has already spoken with the administrative assistant about any confusion that may have occurred in recording revenue in the incorrect fiscal year and explained to her the importance of ensuring that the revenues are posted correctly (especially in cases where we may be reimbursed for more than one month at a time and/or in cases where the months may span two different fiscal years). Management anticipates that because the majority of the mistakes were related to the prior year's issues that this finding will be corrected with no problems during the coming period.

Section III - Management Letter

No Findings for Section III

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

To Board of Directors
Southeast Spouse Abuse Program
Hammond, Louisiana

We have audited the financial statements of the Southeast Spouse Abuse Program (a nonprofit Program), as of and for the year ended June 30, 2008, and have issued our report thereon dated, November 12, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Southeast Spouse Abuse Program'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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Southeast Spouse Abuse Program's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of the Program's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Program's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses.

To the Board of Directors
Southeast Spouse Abuse Program
Hammond, Louisiana
Page 2

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 entity'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 Program's financial statements that is more than inconsequential will not be prevented or detected by the Program's internal control. We consider the current year finding 08-01 to be a control deficiency, but not a significant deficiency.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of management and the Louisiana Legislative Auditor, the Board of Directors and the federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.



Bruce Harrell & Company, CPAs
A Professional Accounting Corporation
November 12, 2008