

**FIFTH JUDICIAL DISTRICT  
DRUG COURT, INC.  
Oak Grove, Louisiana**

**Financial Statements  
With Independent Auditor's Report  
As of and for the Year Ended June 30, 2012  
With Supplemental Information Schedules**

FIFTH JUDICIAL DISTRICT  
 DRUG COURT, INC.  
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### Independent Auditor's Report

FIFTH JUDICIAL DISTRICT

DRUG COURT, INC.

Oak Grove, Louisiana

I have audited the accompanying statement of financial position of the Fifth Judicial District Drug Court Inc., as of June 30, 2012, and the related statements of activities, functional expenses, and cash flows for the year then ended, as listed in the table of contents. These financial statements are the responsibility of the Fifth Judicial District Drug Court, Inc.'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. 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 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 the Fifth Judicial District Drug Court Inc. as of June 30, 2012, and the changes in its net assets and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, I have also issued a report dated November 19, 2012, on the Fifth Judicial District Drug Court Inc's compliance with laws, regulations, contracts and grants, and my consideration of the agency's internal control over financial reporting. 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 my audit.



West Monroe, Louisiana

November 19, 2012

## **FINANCIAL STATEMENTS**

FIFTH JUDICIAL DISTRICT  
DRUG COURT, INC.  
Oak Grove, Louisiana

Statement of Financial Position  
June 30, 2012

**ASSETS**

Cash	\$12,607
Restricted grant receivable	12,273
Office furnishings and equipment (net)	<u>1,527</u>

**TOTAL ASSETS****\$26,407****LIABILITIES AND NET ASSETS**

Liabilities - accounts payable	\$1,728
Net Assets:	
Temporarily Restricted	<u>24,679</u>
Total Net Assets	<u>24,679</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$26,407</u></b>

The accompanying notes are an integral part of this statement.

FIFTH JUDICIAL DISTRICT  
DRUG COURT, INC.  
Oak Grove, Louisiana

Statement of Activities  
For the Year Ended June 30, 2012

**UNRESTRICTED NET ASSETS**

Net assets released from restrictions - restrictions satisfied by payments	<u>\$207,769</u>
Expenses - Program services - Reduction of alcohol and drug abuse	<u>208,496</u>
Increase in Unrestricted Net Assets	<u>(727)</u>

**TEMPORARILY RESTRICTED NET ASSETS**

## Grants:

Federal	35,404
State	<u>172,285</u>
Net assets released from restriction	<u>(207,689)</u>
Decrease in Temporarily Restricted Net Assets	<u>NONE</u>

**DECREASE IN NET ASSETS**

(727)

**NET ASSETS AT BEGINNING OF YEAR**25,406**NET ASSETS AT END OF YEAR**\$24,679

The accompanying notes are an integral part of this statement.

**FIFTH JUDICIAL DISTRICT  
DRUG COURT, INC.  
Oak Grove, Louisiana**

**Statement of Functional Expenses  
For the Year Ended June 30, 2012**

**PROGRAM SERVICES**

Personal services	\$42,290
Operating services	141,568
Travel and other charges	18,203
Miscellaneous Expenses	4,832
Depreciation	<u>1,603</u>
Total Functional Expenses	<u>\$208,496</u>

The accompanying notes are an integral part of this statement.

FIFTH JUDICIAL DISTRICT  
DRUG COURT, INC.  
Oak Grove, Louisiana

Statement of Cash Flows  
For the Year Ended June 30, 2012

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Increase (decrease) in net assets	(\$727)
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	1,603
Decrease in grant funds receivable	5,284
Increase in accounts payable	1,354
Increase in capital assets	<u>(1,005)</u>
Net Cash Used by Operating Activities	<u>6,509</u>
<b>NET DECREASE IN CASH</b>	6,509
<b>CASH AT BEGINNING OF YEAR</b>	<u>6,098</u>
<b>CASH AT END OF YEAR</b>	<u><u>\$12,607</u></u>

The accompanying notes are an integral part of this statement.



**FIFTH JUDICIAL DISTRICT  
DRUG COURT, INC.  
Oak Grove, Louisiana**

**Notes to the Financial Statements  
As of and for the Year Ended June 30, 2012**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Fifth Judicial District Drug Court, Inc (the Drug Court), is a nonprofit organization pursuant to articles of incorporation filed pursuant to LA R.S. 12:201 - 12:269 (1950 as amended), whose purpose is to implement a drug court program that will reduce crime rates, reduce recidivism, alleviate continued drug abuse, assist drug abusers in rehabilitating their lives and building a drug free future in a cost effective manner that will ultimately reduce jail overcrowding and crime, thereby reducing costs to governmental entities responsible for law enforcement. The organization is governed by a three member board and serves the parishes of West Carroll, Richland and Franklin.

**A. BASIS OF ACCOUNTING**

The accompanying financial statements are prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Revenues are recognized when they are earned, and expenses are recognized when they are incurred. Under Statement of Financial Accounting Statement No. 117, the Drug Court 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.

**B. CONTRIBUTIONS**

All contributions are considered available for unrestricted use unless specifically restricted by the donor. Federal financial assistance received through the Louisiana Supreme Court, is considered temporarily restricted net assets because, in accordance with the grant agreement, it can only be expended for specified purposes. When expenditures are made for those specified purposes the grant funds are no longer restricted and are transferred to unrestricted net assets.

**C. SUPPORT AND REVENUE**

The Fifth Judicial District Drug Court, Inc. receives the majority of its support and revenue under federal/state grant agreements. In order to receive funding, the organization must comply with the contract provisions.

**D. ESTIMATES**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles sometimes requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**E. FURNITURE AND EQUIPMENT**

Furniture and equipment of the organization are capitalized in accordance with the West Carroll Policy Jury's policy. However, title to the assets, which are purchased with resources from state and federal grants, reverts to the grantors should the contract be terminated.

Furniture and equipment are depreciated over an estimated useful life of three years, using the straight line method of depreciation. The Drug Court had capital asset acquisitions in the amount of \$1,005 during the year ended June 30, 2012. The following shows capital assets and accumulated depreciation at June 30, 2012.

<u>Class of Asset</u>	
Computers and related	\$39,287
Office furnishings and equipment	<u>18,960</u>
Total assets	58,247
Less accumulated depreciation	<u>(56,720)</u>
Net assets	<u>\$1,527</u>

**F. INCOME TAX STATUS**

As previously stated, the Fifth Judicial District Drug Court, Inc. is incorporated as a non-profit organization in accordance with Louisiana Revised Statutes (LSA-RS) 12:201-269. The corporation has applied to the Internal Revenue Service for treatment under Internal Revenue Code Section 501(c)(3). Accordingly, federal and state tax liabilities have been recorded in accordance with tax tables in effect for corporations.

#### **G. UNCOLLECTIBLE ALLOWANCE**

The statements contain no provision for uncollectible accounts. All amounts due from grantor are considered fully collectible.

#### **H. RENT EXPENSE**

The Drug Court rents office space pursuant to an operating lease. The lease is month-to-month and can be canceled by either party after providing a thirty-day notice. Rent expense for the year ended June 30, 2012 was \$12,000.

### **2. CASH**

At June 30, 2012, Fifth Judicial District Drug Court, Inc., had cash (book balances) totaling \$12,607 in a sole demand account. For the purposes of the statement of cash flows, this is the only component of cash. Cash (bank balances) are fully secured by federal deposit insurance.

### **3. GRANT FUNDING**

For the year ended June 30, 2012, the agency received funding of \$207,689 from the United States Department of Health and Human Services passed through the Louisiana Supreme Court.

### **4. LITIGATION AND CLAIMS**

Fifth Judicial District Drug Court, Inc., is not involved in any litigation at June 30, 2012, nor is it aware of any unasserted claims.

**Independent Auditor's Report Required  
by *Government Auditing Standards***

The following 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* is presented in compliance with the requirements of *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Louisiana Governmental Audit Guide*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.

**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***

FIFTH JUDICIAL DISTRICT  
DRUG COURT, INC.  
Oak Grove, Louisiana

I have audited the financial statements of Fifth Judicial District Drug Court Inc., as of and for the year ended June 30, 2012 and have issued my report thereon dated November 19, 2012. 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 Fifth Judicial District Drug Court Inc.'s internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Fifth Judicial District Drug Court Inc.'s internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Fifth Judicial District Drug Court Inc.'s internal control over financial reporting.

*A deficiency in internal control* exist 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 and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

FIFTH JUDICIAL DISTRICT DRUG COURT, INC.  
Oak Grove, Louisiana  
Independent Auditor's Report on Compliance  
And Internal Control Over Financial Reporting, etc.  
June 30, 2012

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Fifth Judicial District Drug Court Inc.'s basic financial statements are free of material misstatement, I 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 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 is required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Fifth Judicial District Drug Court Inc.'s, management, and the Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Although the intended use of these reports may be limited, under Louisiana Revised Statute 24:513(G), this report is distributed by the Legislative Auditor as a public document.



West Monroe, Louisiana  
November 19, 2012

**FIFTH JUDICIAL DISTRICT DRUG COURT, INC.**  
Oak Grove, Louisiana

**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2012**

**A. SUMMARY OF AUDIT RESULTS**

1. The auditor's report expresses an unqualified opinion on the financial statements of Fifth Judicial District Drug Court, Inc.
2. No instances of noncompliance material to the financial statements of Fifth Judicial District Drug Court, Inc. was disclosed during the audit.
3. No significant deficiencies relating to the audit of the financial statements is reported in the Independent Auditor's Report on Internal Control.

**B. FINDINGS - FINANCIAL STATEMENTS AUDIT**

None

**FIFTH JUDICIAL DISTRICT DRUG COURT, INC.  
Oak Grove, Louisiana**

**Summary Schedule of Prior Audit Findings  
For the Year Ended June 30, 2012**

There were no audit findings reported in the audit for the year ended June 30, 2011.