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PEOPLE UNLIMITED, INC.
Financial Statements
For the Sixteen Months Ended June 30, 2000

Under provisions of state law, this report is a public document. A copy of this report has been submitted to the public and other appropriate public officials. The report is available for public inspection at the State House of Representatives Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date: 09/14/01

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A PROFESSIONAL CORPORATION
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PEOPLE UNLIMITED, INC.
For The Sixteen Months Ended June 30, 2008

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WILLIAM B. EDWARDS

Certified Public Accountant
A Professional Accounting Corporation
Member - AICPA, Society of CPAs

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
People Unlimited, Inc.
Baton, Louisiana 71130

I have audited the accompanying balance sheet of People Unlimited, Inc., a corporation, as of June 30, 2000, and the related statements of income and retained earnings and cash flows for the sixteen months then ended, as listed in the table of contents. These financial statements are the responsibility of People Unlimited, Inc.'s management. My responsibility is to express an opinion on these financial statements based on our audit.

I conducted my audit in accordance with generally accepted auditing standards. These 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.

As described in Note 11, People Unlimited, Inc. prepared its financial statements on a basis of accounting that demonstrates compliance with a regulated audit period required by the contract administrator, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In my opinion, because of People Unlimited, Inc.'s policy to prepare its financial statements on the basis of accounting discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with generally accepted accounting principles, the financial position of People Unlimited, Inc. as of June 30, 2000, or the results of its operations or cash flows for the sixteen months then ended.

However, in my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of People Unlimited, Inc., as of June 30, 2000, and the results of its operations and its cash flows for the sixteen months then ended, on the basis of accounting described in Note 11.

As discussed in Note 13 to the financial statements, certain errors resulting in an overstatement of revenues and expenses as of June 30, 2000, were discovered by me subsequent to the issuance of my report on those financial statements dated December 1, 2000. Accordingly, the accompanying June 30, 2000 financial statements have been restated to correct the error.


William B. Edwards
Baton, Louisiana
December 1, 2000
December 29, 2000

People Unlimited, Inc.
Balance Sheet
As of June 30, 2000

ASSETS

Current assets:

Cash and cash equivalents	\$119,081
Accounts receivable	94,247
Prepaid expenses	<u>1,732</u>

TOTAL ASSETS \$215,060

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:

Accounts payable	\$8,568
Accrued liabilities	44,881
Due to related party	<u>48,058</u>
Total liabilities	101,497

Stockholders' Equity:

Common stock, no par value, 3,000 shares authorized, 100 shares issued and outstanding in 2000	5,000
Retained earnings	<u>108,569</u>
Total stockholders' equity	<u>113,569</u>

TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY \$215,060

See accompanying notes to financial statements.

People Unlimited, Inc.
 Statement of Income and Retained Earnings
 For the Sixteen Months Ended June 30, 1999

REVENUES	
MEMBER revenues	\$566,836
OUTDO Care management revenues	78,821
Inflect/Inflecter revenues	81,299
HEALTH revenues	880
Elderly market revenues	22,042
Other revenues	5,150
TOTAL REVENUES	<u>754,028</u>
EXPENSES	
Advertising	1,126
Bank charges	51
Data processing	120
Insurance-other	225
Operational license fee	489
Office supplies	8,671
Printing expense	46
Postage	2,779
Professional services	1,226
Telephone	15,061
In-service training	120
Traavel & seminar	49,426
Miscellaneous expense	3,683
Life insurance-building & grounds	1,128
Repairs-furniture & equipment	386
Maintenance supplies	287
Utilities	8,168
Building lease	20,683
Lease expense-furniture & equipment	7,227
Depreciable equipment	358
Salaries & wages	443,641
Health benefits	15,699
FICA	28,280
Medicare	8,128
Employment agency	2,945
DATA	2,181
TOTAL EXPENSES	<u>618,879</u>
Income before income taxes	135,149
June 30, 1999 provision for income taxes	18,483
Provision for income taxes	(1,521)
NET INCOME	<u>115,145</u>
Retained earnings as of beginning of period	0
Retained earnings as of end of period	<u>115,145</u>

See accompanying notes to financial statements.

People Unlimited, Inc.
Statement of Cash Flows
For the Sixteen Months Ended June 30, 2000

Operating activities		
Net income		\$108,349
Adjustments to reconcile net income to net cash provided (used) by operating activities:		
Increase in accounts receivable		(94,347)
Increase in prepaid expenses		(1,332)
Increase(decrease) in accounts payable		8,560
Increase in accrued liabilities		44,881
Increase in due to related party		48,050
Net cash provided by operating activities		<u>114,081</u>
Investing activities		0
Financing activities		
Issuance of common stock		<u>5,000</u>
Net cash provided by financing activities		<u>5,000</u>
Net increase (decrease) in cash and cash equivalents		119,081
Cash and cash equivalents as of beginning of period		<u>0</u>
Cash and cash equivalents as of end of period		<u>\$119,081</u>
Taxes - cash basis	\$19,320	
Interest - cash basis	\$ - 0 -	
SUMMARY		
Cash in bank		<u>\$119,081</u>

See accompanying notes to financial statements.

PEOPLE UNLIMITED, INC.
Notes to the Financial Statements
For the Sixteen Ended June 30, 2000

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

People Unlimited, Inc.'s primary business activity is to provide services by qualified staff to the targeted or waiver population to assist them in gaining access to the full range of needed services including medical, social, emotional, and other support services. The Company's primary locations are in Baton Rouge, Louisiana; Monroe, Louisiana; and Alexandria, Louisiana. The Company is a corporation which incorporated on October 12, 1988.

Method of Accounting

The books and records are accounted for using the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

Cash Equivalents

Cash equivalents consist of short-term, highly liquid investments which are readily convertible into cash with an initial maturity of three months or less.

Reservables

The Company uses the direct write-off method of recognizing bad debts for the sixteen months ended June 30, 2000. Management considered all accounts receivable at June 30, 2000 to be fully collectible, therefore no allowance for doubtful accounts was recorded. There was no bad debt expense for the sixteen months ended June 30, 2000. Although the direct write-off method is not in accordance with generally accepted accounting principles (GAAP), it approximates GAAP if all material doubtful accounts have been written off and the Company does not anticipate a significant increase in bad debts.

Fixed Assets

Fixed assets are stated at cost. Depreciation is provided on the straight-line method over the estimated useful lives of the assets.

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 and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from these estimates.

PEOPLE UNLIMITED, INC.
Notes to the Financial Statements
For the Sixteen Months Ended June 30, 2008

2. PROPERTY AND EQUIPMENT

The Company does not own any fixed assets as of June 30, 2008.

3. COMPENSATED ABSENCES

Accrued compensated absences consist of unpaid sick leave and personal leave as follows:

Sick leave	\$7,871
Personal leave	<u>9,813</u>
Total	<u>\$17,684</u>

4. LEASES

The Company leases property under a noncancelable lease with the term of 3 years. Lease expense was \$21,600 for the sixteen months ended June 30, 2008. The Company has one capital lease that is not considered material to the financial statements. One lease ended in May of 2008 which was not renewed but changed to a month-to-month lease.

<u>Year ending June 30,</u>	
2008	<u>\$4,800</u>
2007	<u>1,380</u>
Total	<u>\$6,180</u>

5. FUNCTIONAL EXPENSES

All program revenue and expenses are from one functional area, therefore, a statement of functional expenses is not included.

6. RELATED PARTY TRANSACTIONS

People Unlimited, Inc. borrowed money from Childrens Unlimited, Inc. in the amount of \$48,050 while waiting to be reimbursed from its state contracts.

PEOPLE UNLIMITED, INC.
Notes to the Financial Statements
For the Sixteen Months Ended June 30, 2000

9. STOCKHOLDERS' EQUITY

	Common Stock	Paid-in Capital	Retained Earnings	Total Stockholders' Equity
March 1, 1999	\$0	\$0	\$0	\$0
Additions:				
Net Income			115,034	115,034
Stock Insurance	5,000			5,000
Deletions				0
June 30, 2000	<u>\$5,000</u>	<u>\$0</u>	<u>\$115,034</u>	<u>\$120,034</u>

8. CONTINGENCIES

At June 30, 2000, the Company had funds in one bank in excess of the \$100,000 FDIC insurance coverage. The Company is at risk for that excess.

8. SCHEDULE OF STATE GRANT FINANCIAL ASSISTANCE

Grant/Program Title	Grant ID number	Award Amount	Revenue Recognized	Expenditures	Total State Revenue June 30, 2000
Louisiana Department of Health and Hospitals					
Office for Citizens with Developmental Disabilities					
Social Services	CFMS 340261	\$648,946	\$160,446	\$160,446	\$160,446
Social Services	CFMS 340265	894,136	298,390	298,390	298,390
Social Services	CFMS 331836	652,810	16,905	16,905	16,905
Social Services	CFMS 340277	652,810	62,518	62,518	62,518
Total		<u>\$2,648,502</u>	<u>\$328,259</u>	<u>\$328,259</u>	<u>\$328,259</u>

10. YEAR 2000 COMPUTER SYSTEMS COMPLIANCE

The management of People Unlimited, Inc. has reviewed the software systems and related applications used to assess its requirements regarding the "Year 2000 issue" which, if unresolved, could have a significant impact on the organization's operations. The organization has made and will continue to make the

PEOPLE UNLIMITED, INC.
Notes to the Financial Statements
For the Sixteen Months Ended June 30, 2000

expenditures necessary to ensure that its software systems and applications continue to function properly during and after the year 2000. These expenditures, which are expensed as incurred, have not been and are not expected to be material to the organization's financial position or results of operations.

11. DEPARTURE FROM GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

The contract administrator directed that the Company provide an audited financial statement covering the period from the awarding of the first contract in March of 1999 through the corporate year end June 30, 2000. As a result, this audit period is sixteen months and therefore, not in conformity with generally accepted accounting principles nor governmental auditing standards.

12. CHANGE IN BUSINESS TYPE

The Company made an election to change to an S-corporation for income tax purposes effective July 1, 1999. The Company's income or losses is now being passed through to the stockholders' personal tax returns.

13. REISSUED REPORT

Subsequent to the issuance of the report dated December 1, 2000, it was determined that the Company elected to become an S corporation. Certain revenue recognized originally was revenue for a related company. The effect of these changes are summarized below:

1. As a result of recognition of corporate S election, income tax liability was decreased by \$14,025 and net income was increased by \$16,145.
2. The effect of the change in due from related party was a decrease in revenue by \$26,877 and a decrease in net income by \$26,877.

The report has been reissued to include that data.

WILLIAM D. EDWARDS

Certified Public Accountant
A Professional Accounting Corporation
Member: AICPA / Society of CPAs

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 the Board of Directors
People Unlimited, Inc.
Kenner, Louisiana

I have audited the financial statements of People Unlimited, Inc. as of and for the sixteen months ended June 30, 2000, and have issued my report thereon dated December 1, 2000. I conducted my audit in accordance with generally accepted auditing standards 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 People Unlimited, Inc.'s 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 statement amounts. However, providing an opinion on compliance with these provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests-disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings and questioned costs as item 00-1.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered People Unlimited, Inc.'s internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, I noted certain matters involving the internal control over financial reporting and its operation that I consider to be reportable conditions. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgment, could adversely affect People Unlimited, Inc.'s ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as item 00-2.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. My 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, I believe none of the reportable conditions described above is a material weakness.

This report is intended solely for the information and use of the Company and any interested state agencies and is not intended to be and should not be used by anyone other than these specified parties.


William W. Edwards
Houston, Louisiana
December 1, 2000

WILLIAM D. EDWARDS

Certified Public Accountant
A Professional Accounting Corporation
Member: AICPA / Society of CPAs

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Directors
People Unlimited, Inc.
Bossier, Louisiana

Compliance

I have audited the compliance of People Unlimited, Inc., with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the sixteen months ended June 30, 2000. People Unlimited, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of People Unlimited, Inc.'s management. My responsibility is to express an opinion on People Unlimited, Inc.'s compliance based on my audit.

I conducted my audit of compliance in accordance with generally accepted auditing standards, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and OMB Circular A-133, *Audit of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about People Unlimited, Inc.'s compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on People Unlimited, Inc.'s compliance with those requirements.

In my opinion, People Unlimited, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the sixteen months ended June 30, 2000.

Internal Control Over Compliance

The management of People Unlimited, Inc. is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing my audit, I considered People Unlimited, Inc.'s internal control over

compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-113.

I report certain matters involving the internal control over compliance and its operation that I consider to be reportable conditions. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in my judgment, could adversely affect People Unlimited, Inc.'s ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying schedule of findings and questioned costs on item 00-2.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. My consideration of the internal control over compliance 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, I believe none of the reportable conditions described above is a material weakness.

This report is intended solely for the information and use of the Company and my intended state agencies and is not intended to be and should not be used by anyone other than these specified parties.


William R. Gaudin
Houston, Louisiana
December 1, 1990

People Unlimited, Inc.
 Schedule of Findings and Questioned Costs
 For the Sixteen Months Ended June 30, 2008

I have audited the financial statements of People Unlimited, Inc. as of June 30, 2008 and for the sixteen months ended June 30, 2008, and have issued my report thereon dated December 1, 2008. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. My audit of the financial statements as of December 1, 2008, resulted in a qualified opinion.

A. Summary of Audit Results

1. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses Yes No Reportable Yes No

Compliance

Compliance Material to Financial Statements Yes No

2. Federal Awards

Internal Control

Material Weaknesses Yes No Reportable Yes No

Type of Opinion On Compliance For Major Programs

Unqualified Qualified
 Disclaimer Adverse

Are their findings required to be reported in accordance with Circular A-133, Section 500(a)?

Yes No

3. Identification of Major Programs

CFDA Number(s)	Name of Federal Program (or Cluster)
542051, 542155, 531856, 543519	Medicaid
(93,778)	

Dollar threshold used to distinguish between Type A and Type B Programs: \$ 200,000.

Is the audit a "low-risk" audit, as defined by OMB Circular A-133? Yes No

B. Financial Statements Findings

00-1. The corporate tax return for the period ended June 30, 1999 was not timely filed.

Recommendation: I recommend the Company retain a tax accountant to ensure the timely filing of its corporate tax returns.

Response: We cancel and have retained our audit firm to prepare our tax returns.

00-2. Thirty-two checks and 4 invoices from the total of 60 selected for testing were not provided by the Company.

Recommendation: I recommend the Company take immediate steps to establish a filing system that would provide for record retention.

Response: In setting up the new company, some controls and procedures were not implemented immediately. We have now set up adequate controls. With regard to the canceled checks, Bank One failed to return some of our checks. They are in the process of duplicating the checks from their archives.

C. Federal Award Findings and Questioned Costs

00-3. Thirty-two checks and 4 invoices from the total of 60 selected for testing were not provided by the Company.

Recommendation: I recommend the Company take immediate steps to establish a filing system that would provide for record retention.

Response: In setting up the new company, some controls and procedures were not implemented immediately. We have now set up adequate controls. With regard to the canceled checks, Bank One failed to return some of our checks. They are in the process of duplicating the checks from their archives.

Target Unlimited, Inc.
Summary of Prior Year Findings
For the Sixteen Months Ended June 30, 2000

A. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS

None

B. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS

None

C. MANAGEMENT LETTER

None

PEOPLE UNLIMITED, INC.
P.O. BOX 1231 1231 ATRIS ROAD
BUSTON, LA 71278

CORRECTIVE ACTION PLAN
For the Sixteen Months Ended June 30, 2009

People Unlimited, Inc. hereby submits the following action plan as referenced in the Schedule of Findings and Questioned Costs:

- 00-1. See the Schedule of Findings and Questioned Costs - Section II.
- 00-2. See the Schedule of Findings and Questioned Costs - Section II.