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**New Horizons Youth Service Bureau
FINANCIAL STATEMENTS, SUPPLEMENTARY INFORMATION, AND
INDEPENDENT AUDITOR'S REPORT
Year Ended June 30, 1987**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, 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: FEB 13 1988

Anthony B. Baglio, C.P.A., A.P.A.C.
Certified Public Accountants

NEW HORIZONS YOUTH SERVICE BUREAU
As of and for the Year Ended June 30, 1997
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INDEPENDENT AUDITOR'S REPORT

Board of Directors
New Horizons Youth Service Bureau
41257 River Road
Hammond, Louisiana 70404

I have audited the accompanying statement of financial position of New Horizons Youth Service Bureau (a nonprofit organization) as of June 30, 1997, and the related statement of activities, statement of support, revenues and functional expenses by programs and statement of cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

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. 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.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of New Horizons Youth Service Bureau as of June 30, 1997, and the changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, I have also issued my report dated November 26, 1997, on my consideration of New Horizons Youth Service Bureau's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

My audit was performed for the purpose of forming an opinion on the basic financial statements of New Horizons Youth Service Bureau taken as a whole. The accompanying schedule of expenditures of Federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audit of States, Local Governments, and Non-Profit Organizations*, 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 my opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.


Hammond, Louisiana
November 26, 1997

NEW HORIZONS YOUTH SERVICE BUREAU
STATEMENT OF FINANCIAL POSITION
JUNE 30, 1987

ASSETS

Current Assets

| | |
|------------------------------|-----------|
| Cash and cash equivalents | \$ 26,511 |
| Grants and other receivables | 71,715 |
| Miscellaneous receivables | <u>45</u> |

Total Current Assets 78,271

Property, Plant, and Equipment

| | |
|--------------------------|--------------|
| Land | 25,000 |
| Buildings | 76,084 |
| Office equipment | 9,426 |
| Transportation equipment | <u>3,523</u> |

Total Property, Plant, and Equipment 114,033
Less: Accumulated Depreciation (29,641)
Total Property, Plant, and Equipment 84,392

Other Assets

| | |
|-------------------------------|--------------|
| Prepaid expenses | 180 |
| Worker's compensation deposit | <u>3,240</u> |
| | <u>3,420</u> |

Total Assets \$ 185,884

LIABILITIES AND NET ASSETS

Current Liabilities

| | |
|-----------------------------------|---------------|
| Accounts payable | 2,499 |
| Accrued annual leave | 22,000 |
| Payroll taxes payable | 1,803 |
| Current portion of long-term debt | 1,800 |
| Lines of credit | <u>75,512</u> |

Total Current Liabilities 103,614

Long Term Debt, less current portion 8,700

Net Assets

| | |
|--------------------------|----------|
| Unrestricted net assets: | |
| Operations | (20,841) |
| Fixed Assets | 71,267 |

Total Unrestricted Net Assets 50,426

Total Liabilities and Net Assets \$ 185,884

See accompanying notes to financial statements

**NEW HORIZONS YOUTH SERVICE BUREAU
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 1991**

| | <u>Unaudited</u> | | |
|---|--------------------|---------------------|------------------|
| | <u>Operations</u> | <u>Fixed Assets</u> | <u>Total</u> |
| SUPPORT AND REVENUE | | | |
| Grants and contracts | \$ 1,181,820 | \$ - | \$ 1,181,820 |
| Fees from governmental and local agencies | 65,880 | - | 65,880 |
| Fund raising | 10,881 | - | 10,881 |
| Contributions | 5,026 | - | 5,026 |
| Interest | 993 | - | 993 |
| TOTAL SUPPORT AND REVENUE | <u>1,271,601</u> | <u>-</u> | <u>1,271,601</u> |
| EXPENSES | | | |
| Program services: | | | |
| Local | 54,570 | 5,649 | 60,219 |
| Runway & Rowden Youth Act | 168,978 | - | 168,978 |
| Barrow Home Shelter | 503,928 | - | 503,928 |
| Pathways | 283,418 | - | 283,418 |
| Mental Health | 105,483 | - | 105,483 |
| Second Step | 56,113 | - | 56,113 |
| Counseling | 28,827 | - | 28,827 |
| Misc | 11,379 | - | 11,379 |
| Travel & food | 251,958 | - | 251,958 |
| TOTAL PROGRAM EXPENSES | <u>1,318,637</u> | <u>5,649</u> | <u>1,324,286</u> |
| CHANGE IN NET ASSETS | <u>(56,116)</u> | <u>(1,649)</u> | <u>(57,765)</u> |
| NET ASSETS AT BEGINNING OF YEAR | <u>15,618</u> | <u>80,296</u> | <u>95,914</u> |
| NET ASSETS AT END OF YEAR | <u>\$ (20,841)</u> | <u>\$ 77,987</u> | <u>\$ 56,146</u> |

See accompanying notes to financial statements

STATE MEMBERSHIP AND EMPLOYMENT BY DISTRICT
STATEMENT OF REVENUE, EXPENSES, CONTRIBUTIONS AND EXPENDITURES
FOR THE YEAR ENDED 2010

MEMBERS

| District | Members | | Total | Female | Male | Total | Female | Male | Total | Female | Male | Total |
|--------------|--------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | Number | Value | | | | | | | | | | |
| 1 | 144 | \$ 12 | 124 | \$ 28 | 14 | \$ - | 110 | \$ 110 | 110 | \$ - | 110 | \$ 110 |
| 2 | 116 | 86 | 44 | 74 | 15 | 51 | 15 | 15 | 15 | 15 | 15 | 15 |
| 3 | - | - | 54 | 54 | - | - | - | - | - | - | - | - |
| 4 | 54 | 24 | 24 | - | - | - | - | - | - | - | - | - |
| 5 | 217 | 212 | 212 | 212 | 1,000 | 76 | 2,183 | 1,000 | 2,183 | 1,000 | 2,183 | 1,000 |
| 6 | - | - | 200 | - | 1,010 | - | 1,010 | - | 1,010 | - | 1,010 | - |
| 7 | 2,112 | 1,010 | 1,010 | 1,010 | 547 | 547 | 547 | 547 | 547 | 547 | 547 | 547 |
| 8 | 51 | 88 | 15,010 | 15,010 | 4,755 | 240 | 11,410 | 15,010 | 15,010 | 4,755 | 11,410 | 15,010 |
| 9 | 28 | 1,010 | 1,010 | 1,010 | 207 | 207 | 207 | 207 | 207 | 207 | 207 | 207 |
| 10 | 1,010 | 1,010 | 1,010 | 1,010 | 1,010 | 1,010 | 1,010 | 1,010 | 1,010 | 1,010 | 1,010 | 1,010 |
| Total | 3,112 | \$ 11,010 |

TOTAL EXPENSES

Total expenses of support and services
 from expenses

| | | | | | | | | | | | | |
|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| \$ 1,010 | \$ 1,010 | \$ 1,010 | \$ 1,010 | \$ 1,010 | \$ 1,010 | \$ 1,010 | \$ 1,010 | \$ 1,010 | \$ 1,010 | \$ 1,010 | \$ 1,010 | \$ 1,010 |
|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|

**NEW HORIZONS YOUTH SERVICE BOARD
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 1997**

CASH FLOWS FROM OPERATING ACTIVITIES:

| | |
|---|-------------------|
| Change in net assets | \$ 118,776 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | |
| Depreciation | 5,414 |
| Decreases in operating assets: | |
| Accounts receivable | 116,376 |
| Prepaid expenses | (1,000) |
| Other assets | 1,795 |
| Decreases in operating liabilities: | |
| Accounts payable | (5,804) |
| Accrued vacation | 627 |
| Other accrued expenses | <u>115,156</u> |
| Net cash provided by operating activities | <u>\$ 612,271</u> |

CASH FLOWS FROM FINANCING ACTIVITIES:

| | |
|---|-------------------|
| Proceeds from short-term debt | 30,000 |
| Repayment of long-term debt | (18,876) |
| Repayment of short-term debt | <u>(67,876)</u> |
| Net cash used by financing activities | <u>(56,752)</u> |
| Net increase in cash and cash equivalents | 555,519 |
| Cash and cash equivalents - Beginning of year | <u>4,381</u> |
| Cash and cash equivalents - End of year | <u>\$ 609,899</u> |

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:

| | |
|--------------------------------|-----------------|
| Cash paid during the year for: | |
| Interest | <u>\$ 9,888</u> |

See accompanying notes to financial statements

NEW HORIZONS YOUTH SERVICE BUREAU
Notes to Financial Statements
Year Ended June 30, 1997

1. NATURE OF ACTIVITIES AND SUMMARY OF
SIGNIFICANT ACCOUNTING POLICIES

The New Horizons Youth Service Bureau is a nonprofit organization which is governed by a board of directors. The Agency was formed in August, 1936 as the Tangipahoa Youth Service Bureau to provide local resources for youth and families as a means to prevent juvenile delinquency. The Agency is funded mainly through a combination of state and federal grants. They also receive funds from the United Way, local fund raising activities, and donations from civic clubs, churches, and individuals.

A. FINANCIAL STATEMENT PRESENTATION

As of June 30, 1996 New Horizons Youth Service Bureau adopted Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Non-Profit Organizations." Under SFAS No. 117, New Horizons Youth Service Bureau 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) based upon the existence or absence of donor-imposed restrictions. As permitted by this Statement, New Horizons Youth Service Bureau has discontinued its use of fund accounting and has, accordingly, reclassified its financial statements to present classes of net assets. The reclassification had no cumulative effect on the change in net assets for the year ended June 30, 1997.

New Horizons Youth Service Bureau also adopted SFAS No. 116, "Accounting for Contributions Received and Contributions Made," in 1997. In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. The adoption had no cumulative effect on net assets at the date of the adoption. In addition, New Horizons Youth Service Bureau has not received any contributions with donor-imposed restrictions that would result in temporarily or permanently restricted net assets.

B. BASES OF ACCOUNTING

The accompanying financial statements of New Horizons Youth Service Bureau are being presented on the accrual basis of accounting as follows:

Revenues

New Horizons Youth Service Bureau receives a substantial portion of its revenues from grants. Revenues from grants are reported in the period in which the revenues are earned. All other revenues are recorded when received.

Expenditures

Expenditures are recorded in the period they are incurred.

NEW HEBERSON YOUTH SERVICE BUREAU
Notes to Financial Statements (Continued)
Year Ended June 30, 1997

C. CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes demand deposits and interest bearing demand deposits. Cash also includes amounts in the petty cash fund. Cash and cash equivalents are stated at cost, which approximates market, and are insured through the Federal Deposit Insurance Corp. (FDIC).

D. CONTRIBUTIONS

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

E. PROPERTY, PLANT AND EQUIPMENT

Property and equipment are carried at cost. Depreciation of property and equipment are recorded as support at their estimated fair market values. Property and equipment are depreciated using the straight-line method at rates based on the following estimated useful lives:

| | |
|-----------|--------------|
| Buildings | 31 1/2 years |
| Computers | 3 years |
| Vehicle | 3 years |
| Equipment | 3 years |

Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. Upon retirement or disposal of an asset, the cost of the asset and the related monthly gain or loss is included in the statement of income. Depreciation expense for the year ending June 30, 1997 is \$3,648.

Equipment purchases which are considered to be owned by the grantor agency are recorded in the books as an acquisition expense. Equipment purchases during the fiscal year ending June 30, 1997 recorded as acquisition expense totaled \$79,989. Since June 30, 1992, the Organization has used approximately \$87,342 of equipment which is considered owned by the grantor agencies.

F. FUNCTIONAL ALLOCATION OF EXPENSES

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

NEW HORIZONS YOUTH SERVICE BUREAU
Notes to Financial Statements (Continued)
Year Ended June 30, 1997

G. ESTIMATES

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

H. INCOME TAXES

New Horizons Youth Service Bureau is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is classified as a public charity. Therefore, no provision for income taxes is made in the accompanying financial statements.

I. SUMMARY OF GRANTS/CONTRACTS FUNDING

New Horizons Youth Service Bureau was primarily funded through the following grants and contracts for the period July 1, 1996 to June 30, 1997:

| | Grant Contract Number | Grant Contract Period | Total Grant Contract | Recognized Support |
|---|-----------------------------|-----------------------------|----------------------------|-----------------------|
| Funding Source | | | | \$1,196,438.97 |
| La. Department of Education | 63871 | 7/1/96-6/30/97 | \$7,141 | \$7,141 |
| U.S. Department of Health and Human Services | 06C-Y0704185 | 9/1/96-8/31/97 | 158,808 | 158,808 |
| United Way | 666468 | 7/1/96-6/30/97 | 28,000 | 28,000 |
| Young School Fund | 948167 | 7/1/96-6/30/97 | 6,000 | 6,000 |
| Department of Safety and Corrections | 481-360274 | 7/1/96-6/30/97 | 381,779 | 381,779 |
| La. Dept of Social Services | 370-7478 | 6/1/96-5/31/97 | 319,584 | 319,584 |
| La. Dept of Social Services | 370-8808 | 7/1/96-6/30/97 | 304,000 | 304,000 |
| La. Dept of Social Services | 07948-31,053 | 7/1/96-6/30/97 | 80,000 | 80,000 |
| Dept of Safety Corrections | 400-387-7 | 1/1/95-12/31/97 | 150,000 | 118,000 |
| Dept of Health & Hospitals | 84187-85-874 | 7/1/96-6/30/97 | 106,528 | 106,485 |
| Dept of Health & Hospitals | 84187-85-875 | 7/1/96-6/30/97 | \$13,224 | \$13,224 |
| TOTAL GRANTS AND CONTRACTS | | | \$1,227,884 | \$1,197,828 |

NEW HORIZONS YOUTH SERVICE BUREAU
Notes to Financial Statements (Continued)
Year Ended June 30, 1997

4. VACATION AND SICK LEAVE

Full time employees earn vacation days on the following scale:

| Year | Per Year | Per Month | hrs Per Month |
|-----------------------|----------|-----------|---------------|
| 1 st year | 10 days | .84 | 6.72 hrs |
| 2 nd year | 12 days | 1.00 | 8.00 hrs |
| 3 rd year | 13 days | 1.08 | 8.64 hrs |
| 4 th year | 14 days | 1.16 | 9.28 hrs |
| 5 th year | 15 days | 1.25 | 10.00 hrs |
| 6 th year | 16 days | 1.33 | 10.64 hrs |
| 7 th year | 17 days | 1.42 | 11.36 hrs |
| 8 th year | 18 days | 1.50 | 12.00 hrs |
| 9 th year | 19 days | 1.58 | 12.64 hrs |
| 10 th year | 20 days | 1.67 | 13.36 hrs |

No more than 10 days of accrued vacation may be carried over to the following year; exceptions must be expressed by written approval from the Executive Director. Any unused accrued annual leave is paid on an employee's termination.

All full time employees earn 1 day of sick leave per month. No more than 15 days can be accrued at one time. If no sick days are used for four months, the fourth month sick day earned can be converted into a well day. A well day is to be used as a personal leave day. This well day must be used within the month earned and cannot be accrued as a well day. If the well day is not taken, it can be accrued as a sick day. Any unused sick leave is forfeited upon termination. Therefore, no accruals for sick leave are reflected in these financial statements.

All full time employees will be given up to 2 days of paid funeral leave, if the scheduling of the wake and/or funeral funds it necessary for them to be absent from work. This is applicable only for the loss of a member of the immediate family (spouse, children, parents, grandparents, brothers and sisters). Other special circumstances can be arranged at the discretion of the Executive Director.

K. LEASES

New Horizons Youth Service Bureau has no lease obligations outstanding at June 30, 1997

NEW HORIZONS YOUTH SERVICE BUREAU
Notes to Financial Statements (Continued)
Year Ended June 30, 1997

1. PENSION SYSTEM

Employees of New Horizons Youth Service Bureau participate in the Social Security System. New Horizons Youth Service Bureau provides the matching portion of the Social Security contributions. New Horizons Youth Service Bureau has no liability for any pension benefits.

2. CASH & CASH EQUIVALENTS

At June 30, 1997, New Horizons Youth Service Bureau had cash & cash equivalents totaling \$28,521, as follows:

| | |
|-------------------|-----------|
| Operating account | \$ 26,106 |
| Special account | 95 |
| Pay cash | 10 |
| | ----- |
| Total | \$ 26,521 |
| | ----- |

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

3. LONG-TERM NOTES

Notes at June 30, 1997 consisted of the following:

New Horizons Youth Service Bureau has a promissory note due to First Guaranty Bank for \$11,882 dated May 21, 1997 and payable in seven consecutive semi-annual interest payments, beginning November 01, 1997, with interest calculated on the unpaid principal balances at a simple interest rate of 9.25% per annum and three consecutive annual principal payments of \$2,992, beginning May 01, 1998 with a final payment of principal and interest of \$6,212 on May 01, 2001. The note is for the purchase of land where the New Horizons Youth Service Bureau is presently located, and the note is collateralized by the land and buildings owned by the New Horizons Youth Service Bureau. At June 30, 1997, the balance of this note was \$11,882. Of this amount, \$8,992 represents long-term debt.

The interest expense for all debt for the fiscal year ended June 30, 1997, is \$9288.

4. LINES OF CREDIT

New Horizons Youth Service Bureau has a line of credit with First Guaranty Bank for \$180,000 dated April 07, 1997 and bearing interest at 9.25%. This line of credit is payable on demand and is collateralized by the land and buildings owned by the New Horizons Youth Service Bureau. At June 30, 1997 the balance on the line of credit was \$95,001. The unused line of credit was \$85,000.

NEW HORIZONS YOUTH SERVICE BUREAU
Notes to Financial Statements (Continued)
Year Ended June 30, 1997

5. **GRANTS AND OTHER RECEIVABLES**

As of June 30, 1997, the Bureau had incurred program expenses which were reimbursable through grant funds. The programs and amounts of these funds were as follows:

| PROGRAM | AMOUNT |
|---------------|----------|
| Partnership | 6,058 |
| Mental Health | 5,405 |
| Horizon House | 26,213 |
| Second Step | 1,271 |
| Counseling | 1,640 |
| Fleece Fund | 818 |
| Hand to Hand | 21,608 |
| | \$71,775 |

6. **ALLOWANCE FOR BAD DEBTS**

An allowance for bad debts has not been recorded since management feels that all receivables are collectible.

7. **CONTRIBUTED SERVICES AND DONATED MATERIALS**

During the year ended June 30, 1997, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. In addition, the value of donated materials was not material and has not been recorded.

SUPPLEMENTARY INFORMATION

NEW HORIZONS YOUTH SERVICE BUREAU
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDING JUNE 30, 1997

| Federal Grant Pass-through Grantor Program Title | Federal CFDA Number | Program or Award Amount | Federal Expenditures/ Expenses |
|---|---------------------------|-------------------------------|--------------------------------------|
| U.S. Department of Agriculture National School Lunch Program | 90-559 | <u>\$ 7,141</u> | <u>\$ 7,141</u> |
| Subtotal - U.S. Department of Agriculture | | <u>\$ 7,141</u> | <u>\$ 7,141</u> |
| U.S. Department of Health and Human Services Recovery and Remedial Health | 93-615 | 150,000 | 150,000 |
| Passed through from Louisiana Department of Social Services: | | | |
| Child Welfare Services | 93-645 | 63,154 | 63,154 |
| Family Support Payments to States | 93-560 | 674 | 674 |
| Social Services Block Grant | 93-607 | 104,100 | 104,100 |
| Social Services Block Grant | 93-607 | 40,000 | 50,340 |
| Temporary Child Care & Crisis Nurseries | 93-655 | 319,584 | 340,100 (1) |
| Passed through from Louisiana Department of Health and Hospitals: | | | |
| Social Service Block Grant | 93-607 | 9,556 | 9,556 |
| Block Grant for Community Mental Health Services | 93-958 | <u>105,570</u> | <u>105,405</u> |
| Subtotal - U.S. Department of Health and Human Services | | <u>\$ 779,960</u> | <u>\$ 767,340</u> |
| TOTAL | | <u>\$ 787,120</u> | <u>\$ 774,481</u> |

(1) Denotes a major program.

Internal Control Structure and Compliance Reports
June 30, 1997

ANTHONY B. BAGLIO CPA
A PROFESSIONAL ACCOUNTING CORPORATION
281 I Rose Street
Hammond, Louisiana 70403
(504)542-4155

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

Board of Directors
New Horizons Youth Service Bureau
47297 Kiser Road
Hammond, Louisiana 70404

I have audited the financial statements of New Horizons Youth Service Bureau (a nonprofit organization) as of and for the year ended June 30, 1997, and have issued my report thereon dated November 26, 1997. 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 New Horizons Youth Service Bureau'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 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 that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered New Horizons Youth Service Bureau'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. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. 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. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

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


Hammond, Louisiana
November 26, 1997

ANTHONY R. BAGLIO CPA
A PROFESSIONAL ACCOUNTING CORPORATION
2011 Ros Simons
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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Directors
New Horizons Youth Service Bureau
40217 River Road
Hammond, Louisiana 70401

Compliance

I have audited the compliance of New Horizons Youth Service Bureau with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Requirements* that are applicable to each of its major federal programs for the year ended June 30, 1997. New Horizons Youth Service Bureau'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 New Horizons Youth Service Bureau's management. My responsibility is to express an opinion on New Horizons Youth Service Bureau'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, *Standards 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 New Horizons Youth Service Bureau'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 New Horizons Youth Service Bureau's compliance with those requirements.

In my opinion, New Horizons Youth Service Bureau complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 1997.

Internal Control Over Compliance

The management of New Horizons Youth Service Bureau 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 New Horizons Youth Service Bureau'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 internal control over compliance in accordance with OMBICircular A-133.

My consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. 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 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. I noted no matters involving the internal control over compliance and its operation that I consider to be material weaknesses.

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



Hammou, Louisiana
November 26, 1997