

HCYB REPORT
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MEMBER OF
NATIONAL ASSOCIATION OF
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SECURITY'S BUSINESS
CERTIFIED PUBLIC ACCOUNTANT IN

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Securidy 87

I have audited the accompanying statements of financial position of Securidy 87(a non-profit organization) as of June 30, 1997, and the related statements of activities, functional expenses, and 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 Government Auditing Standards, issued by the Comptroller General of the United States. 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 Securidy 87 as of June 30, 1997, and the changes in 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 a report dated November 23, 1997, on my consideration of Securidy 87's internal control structure, and a report dated November 23, 1997, on its compliance with laws and regulations.


Mark C. Souge, Louisiana
November 23, 1997

ROY HERBERT
CERTIFIED PUBLIC ACCOUNTANT

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors
Serenity 67

I have audited the financial statements of Serenity 67 (a nonprofit organization) as of and for the year ended June 30, 1997, and have issued my report thereon dated November 23, 1997.

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

The management of Serenity 67 is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to achieve the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing my audit of the financial statements of Serenity 67 for the year ended June 30, 1997, I obtained an understanding of the internal control structure. With respect to the internal control structure, I obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and I assessed control risk in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, I do not express such an opinion.

My consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might

be material weaknesses under the standards established by the American Institute of Certified Public Accountants. A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities 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 structure and its operation that I consider to be material weaknesses as defined above.

This report is intended for the information of the board of directors, management, and the Legislative Auditor. However, this report is a matter of public record, and its distribution is not limited.



Keith Weage, Louisiana
November 29, 1987

ROY HERBERT

CERTIFIED PUBLIC ACCOUNTANT

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AFFILIATE OF
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
Serenity 57

I have audited the financial statements of Serenity 57 (a nonprofit organization) as of and for the year ended June 30, 1997, and have issued my report thereon dated November 23, 1997.

I conducted my audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to Serenity 57 is the responsibility of Serenity 57's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, I performed tests of Serenity 57's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of my audit of the financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, I do not express such an opinion.

The results of my tests of compliance disclosed no instances of non-compliance that are required to be reported under Government Auditing Standards.

This report is intended for the information of the board of directors, management, and the Legislative Auditor. However, this report is a matter of public record, and its distribution is not limited.



Roy Herbert, Louisiana
November 23, 1997

Serenity 67
Statement of Financial Position
June 30, 1987

ASSETS

Current assets		
Cash in bank	\$	28,105
Grants receivable		29,205
Total current assets		57,310
Property, plant and equipment		
Office furniture and fixtures		8,507
Office machinery and equipment		49,248
Vehicles		27,648
Leasehold improvements		8,237
		93,640
Accumulated depreciation and amortization		(28,382)
Net property, plant and equipment		65,258
TOTAL ASSETS	\$	122,568

LIABILITIES AND NET ASSETS

Current liabilities		
Accounts payable	\$	25,249
Accrued payroll		2,579
Accrued and withheld payroll taxes		7,402
Total current liabilities		35,230
Net assets		
Unrestricted		87,338
TOTAL LIABILITIES AND NET ASSETS	\$	122,568

The accompanying notes are an integral part of these financial statements.

Serenity 47
 Statement of Activities
 For the year ended June 30, 1997

SUPPORT AND REVENUE

Support:

Contributions

\$ 8,471

Total support

8,471

Revenue:

Grant funds

487,477

Interest income

8,861

Miscellaneous income

943

Total revenue

497,281

Total support and revenue

505,752

EXPENSES

Program services

Adult Literacy

78,045

Drop-in and Tutorial Services

78,673

Elderly and Youth Services

208,888

Serenity 47 In-home Services

500

370,073

Supporting services

Management and general

18,168

Total expenses

388,241

Change in net assets

11,511

Net assets, beginning of year

14,377

Net assets, end of year

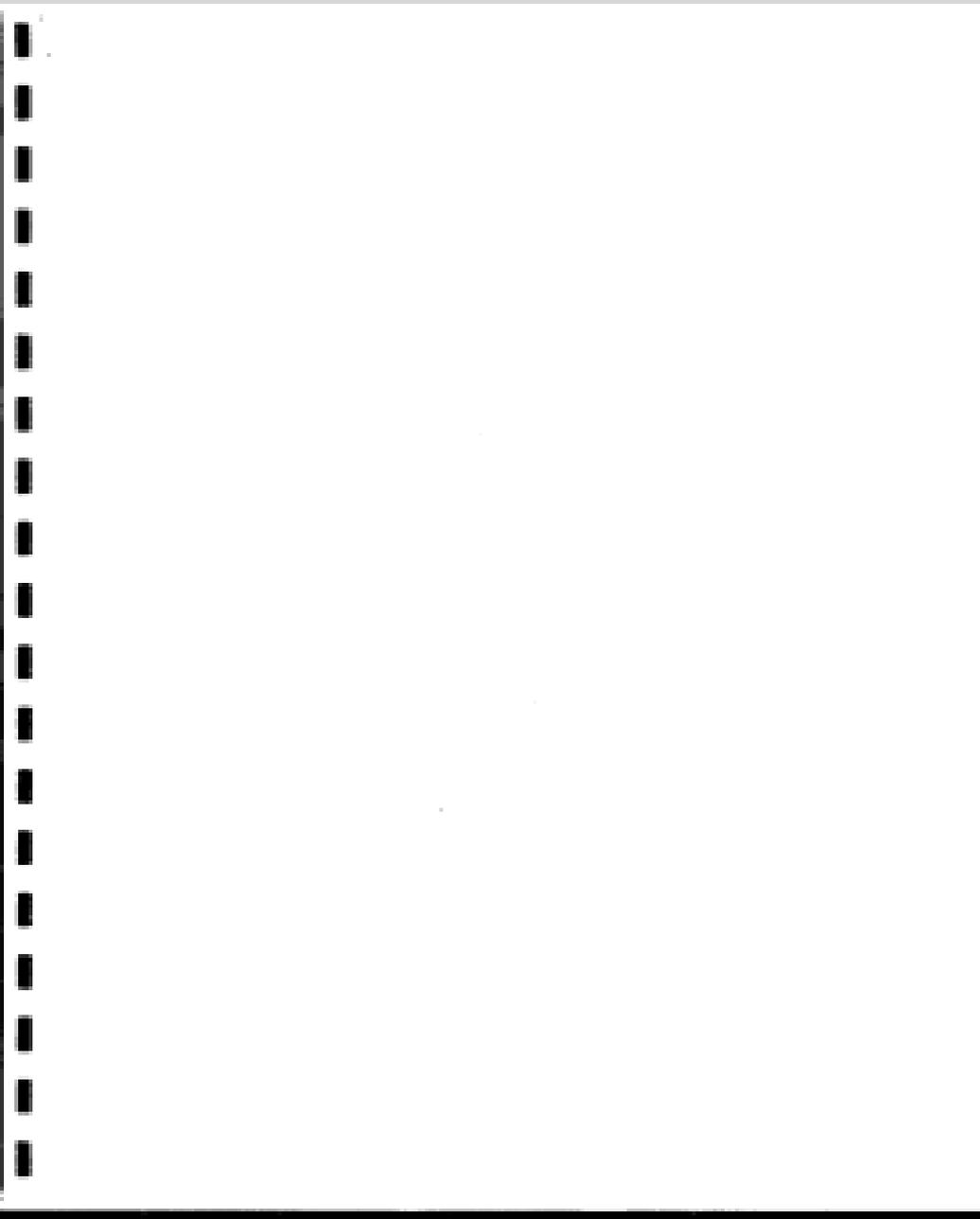
\$ 25,888

The accompanying notes are an integral part of these financial statements.

Schedule 67
 Statement of Cash Flows
 For the year ended June 30, 1997

Cash flows from operating activities:	
Change in net assets	\$ 66,173
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	15,143
(Gain)/loss on disposal of property	19629
(Increase)/decrease in grants receivable	(12,422)
(Increase)/decrease in prepaid expenses	1,900
Increase/(decrease) in accounts payable	14,575
Increase/(decrease) in accrued liabilities	(12,642)
Total adjustments	4,653
Net cash provided (used) by operating activities	73,212
Cash flows from investing activities:	
Cash payments for the purchase of property	145,813
Cash proceeds from the sale of property	6,175
Net cash provided (used) by investing activities	145,263
Net increase (decrease) in cash and equivalents	27,516
Cash and equivalents, beginning of year	219
Cash and cash equivalents, end of year	\$ 28,316
Supplemental disclosures of cash flow information:	
Cash paid during the period for:	
Interest expense	\$ 25

The accompanying notes are an integral part of these financial statements.



Serenity 67
Notes to Financial Statements
June 30, 1987

NOTE 1-Organization

Serenity 67 was organized in Louisiana in 1983 as a non-profit corporation for the purpose of providing human services to the residents of Louisiana House of Representatives District 67. Services provided include homemaker services for the elderly and infirm in the District, tutoring, self-esteem programs, personal hygiene programs, and drug abuse prevention and awareness counseling for the youth of the District.

NOTE 2-Summary of Significant Accounting Policies

Financial Statement Presentation

Serenity 67 follows the recommendations of the Financial Accounting Standards Board in its statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, the Organization 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.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Property and Equipment

Property and equipment are carried at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in income for the period. The cost of maintenance and repairs is charged to expense as incurred; significant renewals and betterments are capitalized.

Leasehold Improvements

Leasehold improvements are carried at cost. Amortization is computed using the straight-line method over the estimated useful lives of the respective improvements. When improvements are abandoned or otherwise disposed of, the cost and related accumulated amortization are removed from the accounts and any resulting gain or loss is reflected in income for the period. The cost of maintenance and repairs is charged to expense as incurred.

Serenity 47
Notes to Financial Statements(continued)
June 30, 1997

Income Taxes

Income taxes are not provided for in the financial statements since the Organization is exempt from federal and state income taxes under Section 501(c)(13) of the Internal Revenue Code and similar state provisions. In addition, the organization has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 501(c) of the code.

Revenue Recognition

Contributions are recorded when received unless susceptible to accrual. Grant revenues are recognized when program expenditures are incurred in accordance with program guidelines. Such revenues is subject to review by the funding agency and may result in disallowance in subsequent periods.

Functional Expenses

Functional expenses have been allocated between program services and supporting services based on an analysis of personnel time and space utilized for the related activities.

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 those estimates.

NOTE 3 - Business and Credit Concentrations

Serenity 47's primary sources of revenue are from grants administered and/or funded by the State of Louisiana. During the year presented approximately 87% of the Organization's revenues were derived from these sources. All of the amounts listed as grants receivable are from these grants.

The Organization's clients, during the year presented, all reside within Louisiana House of Representatives District 47.

NOTE 4 - Operating Leases

The organization has two noncancelable operating leases for facilities it occupies. One lease expired in July, 1996, and is now on a month-to-month basis. The other lease was for a period of one year from May, 1994, through April, 1995, and is now on a month-to-month basis. Rental expense for these leases consisted of \$20,860 for the year ended June 30, 1997.

PCSV REPORT
CONTROLLED NUMBER: 000000000000

PCSV ATTENTION: CHAIRMAN
SUITE 1000, 100000000000
PCSV 000 0000

ISSUED BY
AMERICAN SOCIETY OF
CONTROLLED NUMBER: 000000000000
SUITE 1000, 100000000000
PCSV 000 00000000

To the Senior Management
and the Board of Directors
Serenity 87

In planning and performing my audit of the financial statements of Serenity 87 for the year ended June 30, 1997, I considered the Organization's internal control structure to plan my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control structure.

However, during my audit, I noted certain matters involving the internal control structure and other operational matters that are presented for your consideration. (I previously reported on the Organization's internal control structure in my report dated November 20, 1997.) This letter does not affect my report dated November 23, 1997, on the financial statements of Serenity 87. I will review the status of these comments during my next audit engagement. I will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. My comments are summarized as follows:

Organization Structure

The size of Serenity's accounting and administrative staff precludes certain internal controls that would be preferred if the office staff were large enough to provide optimum segregation of duties. The site office dictates that the Board of Directors remain actively involved in the financial affairs of the Organization to provide oversight and independent review functions.

Compliance with Contractual Requirements of Funding Sources

While testing Serenity 87's compliance with various requirements of its grantor agencies, I noted that the organization did not comply with three program-related requirements of one grantor. The contract called for monthly reporting of program expenditures by a specified date. While all reports were filed, they were not filed on time as specified in the grant.

The same grantor required the use of separate bank accounts for the deposit and expenditure of the grant funds and also prohibited the commingling of its grant funds with other organizational funds. A separate bank account was established and used for the grant funds, however, the funds were co-mingled with other Serenity 87 funds.

Also, budget amendments were required for expenditures not included or not in accordance with the approved budget for this same grant. No

amendments were proposed by Serenity 47, nor were any approved by the grantor. However, the budget variances were reported to the grantor on a monthly basis.

I wish to thank the Executive Director for his support and assistance during my audit.

This report is intended solely for the information and use of the Board of Directors, management, and the Legislative Auditor.



Metairie, Louisiana
November 23, 1987

Security 57Financial Statements

June 30, 1987

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Release Date — **FEB 18 1988**