

**Success Counseling Services – North  
d/b/a Success Insite  
Bossier City, Louisiana**

**Financial Statements  
June 30, 2004**

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.

Release Date 2-9-05

**Success Counseling Services - North d/b/a Success Insite  
Bossier City, Louisiana**

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**Success Counseling Services - North d/b/a Success Insite  
Bossier City, Louisiana**

Statement of Financial Position  
June 30, 2004  
(With Comparative Totals for 2003)

	Assets	
	2004	2003
<b>Current assets</b>		
Cash and cash equivalents	\$ 111,832	\$ 128,299
Certificate of deposit	50,000	50,000
Accounts receivable	57,394	51,879
Unbilled receivables	32,040	37,779
Prepaid expenses	18,660	18,409
<b>Total current assets</b>	<b>269,926</b>	<b>286,366</b>
<b>Equipment-net</b>	<b>27,188</b>	<b>36,824</b>
<b>Total assets</b>	<b>\$ 297,114</b>	<b>\$ 323,190</b>
	<b>Liabilities and net assets</b>	
<b>Current liabilities</b>		
Accounts payable	\$ 17,575	\$ 14,279
Accrued payroll and taxes	41,320	42,609
<b>Total current liabilities</b>	<b>58,895</b>	<b>56,888</b>
<b>Net assets</b>		
Unrestricted	238,219	266,302
Temporarily restricted	-	-
Permanently restricted	-	-
<b>Total net assets</b>	<b>238,219</b>	<b>266,302</b>
<b>Total liabilities and net assets</b>	<b>\$ 297,114</b>	<b>\$ 323,190</b>

The accompanying Notes are an integral part of the financial statements.

**Success Counseling Services - North d/b/a Success Insite  
Bossier City, Louisiana**

**Statement of Activities  
for the Year Ended June 30, 2004  
(With Comparative Totals for 2003)**

	Unrestricted	Temporarily Restricted	Permanently Restricted	2004 Totals	2003 Totals
<b>Revenue</b>					
Medicaid	\$ 853,889	\$ -	\$ -	\$ 853,889	\$ 979,378
Office of mental health	103,701	-	-	103,701	96,179
Other revenue	10,909	-	-	10,909	6,047
<b>Total revenue</b>	<b>968,499</b>	<b>-</b>	<b>-</b>	<b>968,499</b>	<b>1,081,604</b>
<b>Expenses</b>					
Program services - mental health	819,035	-	-	819,035	795,042
Support services - administration	177,547	-	-	177,547	149,245
<b>Total expenses</b>	<b>996,582</b>	<b>-</b>	<b>-</b>	<b>996,582</b>	<b>944,287</b>
<b>Increase (decrease) in net assets</b>	<b>( 28,083 )</b>	<b>-</b>	<b>-</b>	<b>( 28,083 )</b>	<b>137,317</b>
<b>Net assets, beginning of year</b>	<b>266,302</b>	<b>-</b>	<b>-</b>	<b>266,302</b>	<b>128,985</b>
<b>Net assets, end of year</b>	<b>\$ 238,219</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 238,219</b>	<b>\$ 266,302</b>

The accompanying Notes are an integral part of the financial statements.

**Success Counseling Services - North d/b/a Success Inside  
Bossier City, Louisiana**

Statement of Functional Expenses  
for the Year Ended June 30, 2004  
(With Comparative Totals for 2003)

	<u>Administration</u>	<u>Mental Health</u>	<u>2004 Totals</u>	<u>2003 Totals</u>
Accounting and professional services	\$ 13,960	\$ 55,453	\$ 69,413	\$ 58,797
Bad debt	-	-	-	6,540
Building rent	10,126	40,502	50,628	50,819
Depreciation	2,278	9,111	11,389	10,427
Insurance	9,874	43,211	53,085	44,909
Interest	-	-	-	380
Office supplies	-	13,117	13,117	12,667
Postage	-	412	412	986
Repairs and maintenance	509	2,038	2,547	6,024
Salaries, contract services and payroll taxes	121,075	557,715	678,790	670,646
Travel	16,167	73,652	89,819	56,876
Utilities and telephone	3,558	14,235	17,793	15,623
Other	-	9,589	9,589	9,593
<b>Total</b>	<b>\$ 177,547</b>	<b>\$ 819,035</b>	<b>\$ 996,582</b>	<b>\$ 944,287</b>

The accompanying Notes are an integral part of the financial statements.

**Success Counseling Services - North d/b/a Success Insite  
Bossier City, Louisiana**

Statement of Cash Flows  
for the Year Ended June 30, 2004  
(With Comparative Totals for 2003)

Increase (Decrease) in Cash

	2004	2003
Cash flows from operating activities		
Increase (decrease) in net assets	(\$ 28,083 )	\$ 137,317
Adjustments to reconcile change in net assets to cash provided (used) by operating activities		
Depreciation	11,389	10,427
Loss on sale of assets	1,276	3,555
(Increase) Decrease in		
Receivables	224	48,756
Prepaid expenses	( 251 )	( 6,951 )
Increase (Decrease) in		
Accounts payable	3,296	( 1,099 )
Accrued payroll and taxes	( 1,289 )	( 1,320 )
Cash provided (used) by operating activities	( 13,438 )	190,685
Cash flows from investing activities		
Capital expenditures	( 3,029 )	( 21,915 )
Purchases of certificate of deposit	-	( 50,000 )
Cash used by investing activities	( 3,029 )	( 71,915 )
Cash flows from financing activities		
Principal payments on debt obligations	-	( 8,117 )
Cash used by financing activities	-	( 8,117 )
Net increase (decrease) in cash and cash equivalents	( 16,467 )	110,653
Cash and cash equivalents, beginning of year	128,299	17,646
Cash and cash equivalents, end of year	\$ 111,832	\$ 128,299
 <b>Supplemental Disclosure of Cash Flow Information</b>		
Cash paid for interest	\$ -	\$ 380

The accompanying Notes are an integral part of the financial statements.

**Success Counseling Services - North d/b/a Success Insite  
Bossier City, Louisiana**

Notes to the Financial Statements  
June 30, 2004

**Note 1 Organization and Significant Accounting Policies**

**Background**

Success Counseling Services - North d/b/a Success Insite ("Success") is a not-for-profit human services organization specializing in serving mentally and emotionally challenged young persons in settings common to the clients. Success began operations in July 1995, and serves clients in the Louisiana parishes of Caddo, Bossier, Natchitoches, DeSoto, Claiborne, Bienville, Sabine, Red River and Webster.

Success receives fees for services provided under vendor contracts with the State of Louisiana Department of Health and Hospitals. During 2004 and 2003, approximately 88% and 91%, respectively, of Success' total revenues were received for mental health services provided to Medicaid eligible clients. Approximately 11% and 9%, respectively, of total revenues were received for mental health services provided under a social services grant with the Office of Mental Health. Success relies upon the funding from these sources for its operations.

**Summary of Significant Accounting Policies**

The accounting policies of Success conform to generally accepted accounting principles as applicable to voluntary health and welfare organizations. The more significant accounting policies of Success are described below:

Basis of Accounting: Success prepares its financial statements on the accrual basis of accounting. Accordingly, revenues are recognized when earned and expenses are recognized when incurred.

Functional Expenses: Expenses are charged to each program based upon direct expenditures incurred.

Accounts Receivable: Success extends credit to contracting state agencies in the course of performing services in Central and North Louisiana on an unsecured basis. Accounts receivable are reported at estimated net realizable amounts less allowance for doubtful accounts. Past due or delinquent status on accounts receivable is determined based on contractual terms.

The allowance for doubtful accounts is evaluated on a regular basis by management and is based upon management's periodic review of the collectibility of the receivables in light of historical experience, the nature and type of account, adverse situations that may affect the payor's ability to repay and prevailing economic conditions. This evaluation is inherently subjective, as it requires estimates that are susceptible to significant revision as more information becomes available. Receivables deemed uncollectible are charged off against the allowance when management believes the uncollectibility is confirmed. At December 31, 2004, there were no amounts reserved in the allowance for doubtful accounts.

Net Assets: Under the provisions of Statement of Financial Accounting Standards No. 117, "Financial Statements for Not-For-Profit Organizations", net assets and revenues and contributions, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of Success and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations. Support restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized.

Temporarily restricted net assets - Net assets that are subject to donor-imposed stipulations which may or will be met either by actions of Success and/or the passage of time. All donor-restricted support is

reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (i.e., when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

**Permanently restricted net assets** - Net assets that are subject to donor-imposed stipulations requiring that they be maintained permanently by Success. Generally, the donors of these assets permit Success to use all or part of the income earned on related investments for general or specific purposes.

**Contributions:** All contributions are considered available for unrestricted use unless specifically restricted by the donor.

**Federal Income Taxes:** Success is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Success is exempt from Louisiana income taxes as well.

**Cash Equivalents:** Success considers all highly liquid investments with a maturity of ninety (90) days or less, when purchased, to be cash equivalents.

**Summary of Financial Information for 2003:** The financial statements include certain prior year summarized comparative information in total but not by net asset class. 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 Success' financial statements for the year ended June 30, 2003, from which the summarized information was derived.

**Property and Equipment:** Property and equipment are stated at cost. Success follows the practice of capitalizing expenditures for property and equipment in excess of \$500. Depreciation of property and equipment is computed on a straight-line basis over the estimated useful lives of the assets.

**Risks and Uncertainties:** 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 the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

**Concentrations of Credit Risk:** Success maintains its cash balances at one financial institution in the service delivery area. The balance with the financial institution is insured by the FDIC up to \$100,000. Success can have exposure from time to time due to cash balances held in excess of the FDIC coverage. The bank in which Success' deposits have exceeded the insured limit has a strong credit rating. It is management's opinion that credit risk related to these deposits is minimal.

**Reclassifications:** Certain reclassifications have been made in the 2003 financial statements in order to conform to the classifications used in 2004.

## Note 2 Equipment

	Balance 6/30/03	Additions	Disposals	Balance 6/30/04
Office equipment and computers	\$ 54,268	\$ 3,029	(\$ 1,500 )	\$ 55,797
Leasehold improvements	15,260	-	-	15,260
Total, at cost	69,528	3,029	( 1,500 )	71,057
Accumulated depreciation	( 32,704 )	( 11,389 )	224	( 43,869 )
Equipment	\$ 36,824	(\$ 8,360 )	(\$ 1,276 )	\$ 27,188



Depreciation charged to operations was \$11,389 and \$10,427 for the years ended 2004 and 2003, respectively.

**Note 3 Leases**

On September 1, 2001, Success entered into an agreement to lease its office space. The agreement runs from September 1, 2001 for a term of sixty (60) months at a monthly rental of \$4,175. Total lease expense for 2004 and 2003 was \$50,100 and \$50,100, respectively.

Minimum future rental payments under operating leases at June 30, 2004 are:

2005	50,100
2006	50,100
2007	8,350
Total	<u>\$ 108,550</u>

**Note 5 Related Party Transactions**

During the years ended June 30, 2004 and 2003, a director of Success provided professional counseling services to the organization at a cost of \$51,863 and \$43,575, respectively. At June 30, 2004 and 2003, Success had a payable to the director for professional services for \$4,838 and \$3,038, respectively and a receivable totaling \$2,018 at June 30, 2004.

**Note 6 Commitments and Contingencies**

Success has an unsecured, variable line of credit with Hibernia National Bank in the amount of \$50,000. There were no amounts drawn on the line of credit at June 30, 2004.

**Note 7 Retirement Plan**

Effective March 17, 2001, Success adopted a tax deferred retirement program for all qualified employees under section 403b of the Internal Revenue Code. The plan is available to all employees effective upon hire date. The employer made no contributions to the plan for the years ended June 30, 2004 and 2003.

**ROBERTS, CHERRY & COMPANY**  
*Certified Public Accountants, Consultants*

**Independent Auditor's Report**

To the Board of Directors of  
Success Counseling Services - North d/b/a Success Insite  
Bossier City, Louisiana

We have audited the accompanying statement of financial position of Success Counseling Services - North d/b/a Success Insite (a nonprofit organization) as of June 30, 2004, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of Success Counseling Services - North d/b/a Success Insite's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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. 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 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 financial position of Success Counseling Services - North d/b/a Success Insite as of June 30, 2004, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. 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 organization's financial statements for the year ended June 30, 2003, from which the summarized information was derived.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2004 on our consideration of Success Counseling Services - North d/b/a Success Insite's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. 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 our audit.

**ROBERTS, CHERRY AND COMPANY**  
**ROBERTS, CHERRY AND COMPANY**

*A Corporation of*  
Certified Public Accountants  
Shreveport, Louisiana  
November 19, 2004

**ROBERTS, CHERRY & COMPANY**  
*Certified Public Accountants, Consultants*

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

To the Board of Directors of  
Success Counseling Services – North d/b/a Success Insite  
Shreveport, Louisiana

We have audited the financial statements of Success Counseling Services - North d/b/a Success Insite (a nonprofit organization) as of and for the year ended June 30, 2004, and have issued our report thereon dated November 19, 2004. 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.

**Internal Control Over Financial Reporting**

In planning and performing our audits, we considered Success Counseling Services - North d/b/a Success Insite's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Success Counseling Services - North d/b/a Success Insite's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions noted are described in the accompanying schedule of findings and questioned costs as item 2004-1.

A material weakness is a reportable 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 caused by error or fraud 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. Our 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, we believe that none of the reportable conditions described above are material weaknesses.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Success Counseling Services - North d/b/a Success Insite'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 or other matters that are required to be reported.

We noted certain matters that we reported to management of Success Counseling Services – North d/b/a Success Insite in a separate letter dated November 19, 2004.

This report is intended solely for the information and use of management, others within the organization and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

**ROBERTS, CHERRY AND COMPANY**  
ROBERTS, CHERRY AND COMPANY

A Corporation of  
Certified Public Accountants  
Shreveport, Louisiana  
November 19, 2004

**Success Counseling Services – North d/b/a Success Insite  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2004**

We have audited the financial statements of Success Counseling Services – North d/b/a Success Insite as of and for the year ended June 30, 2004, and have issued our report thereon dated November 19, 2004. We conducted our audits 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. Our audit of the financial statements as of June 30, 2004 resulted in an unqualified opinion.

**Section I Summary of Auditor's Reports**

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

Internal Control

Material Weaknesses: No

Reportable Conditions: Yes

Compliance

Compliance Material to Financial Statements: Not Applicable

b. Federal Awards – Not Applicable

c. Identification of Major Programs – Not Applicable

**Section II Financial Statement Findings**

Finding 2004-1 Service Logs Not Signed by Consumers

Condition: We noted service logs that were not signed by the consumer during counseling sessions.

Criteria: Service logs should be signed by both clinician and consumer according to the Organization's policies and procedures.

Effect: Incomplete documentation to support client sessions could result in reimbursement of program funds to funding sources.

Cause: The Organization does not have procedures in place to ensure the service logs are signed by the consumers.

Questioned Costs: \$0

Recommendations: We recommend that a review of the service logs be done on a daily basis by an individual other than the service provider for verification of the consumer's signature.

**Section III Federal Award Findings and Questioned Costs**

Not Applicable

**Success Counseling Services – North d/b/a Success Inside  
Bossier City, Louisiana**

**Schedule of Prior Year Findings  
For the Year Ended June 30, 2004**

**Section I – Internal Controls and Compliance Material to the Financial Statements**

*There were no findings as a result of the prior year audit.*

**Section II – Internal Controls and Compliance Material to Federal Awards**

*Not Applicable.*

**Section III – Management's Response**

*Not Applicable*



A non-profit school and community based mental health service

# SUCCESS INSITE

December 29, 2004

SUCCESS COUNSELING SERVICE - NORTH D/B/A SUCCESS INSITE  
MANAGEMENT'S CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED JUNE 30, 2004

Section I Internal Control and Compliance Material to the Financial Statement

**RE: All Service logs are not signed by consumers**

*The Director shall insure that service logs are signed by consumers as stated below*

The data entry person will review service logs daily as they are entered in the computer. Those not signed will be returned to the provider. The exceptions to consumer signatures are: Clinical management team meetings, telephone contacts and written contacts. The consumer signature on the service agreement and service update will suffice for the service logs related to those items.

Sincerely,

Donnalee Ammons  
Director

**ROBERTS, CHERRY & COMPANY**  
*Certified Public Accountants, Consultants*

To the Board of Directors  
Success Counseling Services - North d/b/a Success Insite  
Shreveport, Louisiana

This letter includes comments and suggestions with respect to matters that came to our attention in connection with our audit of the financial statements of Success Counseling Services - North d/b/a Success Insite for the year ended June 30, 2004. These items are offered as constructive suggestions to be considered part of the ongoing process of modifying and improving the Company's practices and procedures.

Condition 2004-1: An exempt employee was not compensated for a personal day.

Observations: During the audit we noted one instance of an exempt employee not compensated for a personal day. The organization does not have a policy in place for compensation for personal days and the employee had no accrued vacation days so the exempt employee was allowed a personal day without compensation. An exempt employee must regularly receive a set amount of pay each pay period which is not subject to reduction because of variations in the quantity or quality of the employee's work.

Recommendation: We recommend that the Organization clearly communicate and enforce their policy of compensated absences to exempt employees or consider revising their policy to include allowance for personal days.

Management's Response: Management is in the process of reviewing the Organization's policy on compensated absences to include personal and/or emergency days. During the review process management will communicate to the exempt employees their policy and strictly enforce it.

This letter is intended solely for the information and use of the Board of Directors, management and others within the Company and is not intended to be and should not be used by anyone other than these specified parties. We appreciate serving Success Counseling Services - North d/b/a Success Insite and would be happy to assist you in addressing and implementing any of the suggestions in this letter.

*ROBERTS, CHERRY AND COMPANY*  
ROBERTS, CHERRY AND COMPANY

A Corporation of  
Certified Public Accountants  
Shreveport, Louisiana  
November 19, 2004