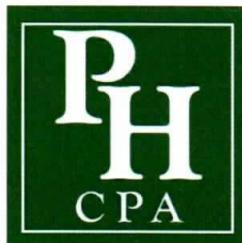


NEW HORIZONS YOUTH SERVICE BUREAU, INC.

ANNUAL FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2017



PHIL HEBERT
CERTIFIED PUBLIC ACCOUNTANT
A PROFESSIONAL ACCOUNTING CORPORATION

New Horizons Youth Service Bureau, Inc.
Hammond, Louisiana

Table of Contents
June 30, 2017

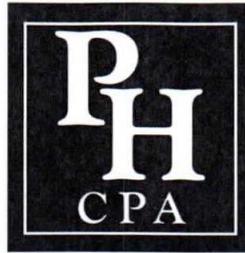
	Page
Independent Auditor's Report.....	1
Financial Statements:	
Statement of Financial Position	4
Statement of Activities.....	5
Statement of Functional Expenses.....	6
Statement of Cash Flows	7
Notes to Financial Statements.....	8
Other Supplemental Information	
Schedule of Compensation, Benefits and Other Payments to Agency Head	14
Other Independent Auditor's Report	
Independent Auditor's 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.....	16
Schedule of Prior Year Findings.....	18
Schedule of Current Year Findings, Recommendations, and Responses	19

CHARLES P. HEBERT, CPA

CHRISTOPHER S. JOHNSON, CPA, MBA

MEMBER

American Institute of Certified Public Accountants
Society of Louisiana Certified Public Accountants



18435 HWY. 22
P.O. BOX 1151
PONCHATOULA, LA 70454
(985) 386-5740 • FAX (985) 386-5742

29644 SOUTH MONTPELIER AVE., STE. B
P.O. BOX 520
ALBANY, LA 70711
(225) 209-6627 • FAX (225) 209-6625

Phil Hebert, CPA

A PROFESSIONAL ACCOUNTING CORPORATION

Independent Auditor's Report

To the Board of Directors
New Horizons Youth Service Bureau, Inc.
P.O. Box 1968
Hammond, Louisiana 70404

Report on the Financial Statements

We have audited the accompanying financial statements of New Horizons Youth Service Bureau, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used

and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of New Horizons Youth Service Bureau, Inc. as of June 30, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis-of-Matter Regarding Going Concern

The accompanying financial statements have been prepared assuming that the Bureau will continue as a going concern. As discussed in Note 8 to the financial statements, the Bureau has shut down operations which raise substantial doubt about its ability to continue as a going concern. Management's plans regarding those matters also are described in Note 8. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Compensation, Benefits, and Other Payments to Agency Head on page 14 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 8, 2017 on our consideration of New Horizons Youth Service Bureau, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering New Horizons Youth Service Bureau, Inc.'s internal control over financial reporting and compliance.

Sincerely,

Phil Hebert

Phil Hebert, CPA
A Professional Accounting Corporation
Ponchatoula, Louisiana
September 8, 2017

**New Horizons Youth Service Bureau, Inc.
Hammond, Louisiana**

**Statement of Financial Position
June 30, 2017**

Assets

Current Assets:

Cash and Cash Equivalents	\$ 25,646
Total Current Assets	<u>25,646</u>

Fixed Assets:

Land	25,000
Property and Equipment, Net	<u>42,184</u>
Total Fixed Assets	<u>67,184</u>
Total Assets	<u>\$ 92,830</u>

Liabilities and Net Assets:

Current Liabilities:

Note Payable, Current Portion	\$ 49,081
Accrued Payroll Taxes, Prior Years	69,440
Accrued Payroll Taxes, Current Year	<u>324</u>
Total Current Liabilities / Total Liabilities	<u>118,845</u>

Net Assets:

Unrestricted	<u>(26,015)</u>
Total Net Assets	<u>(26,015)</u>
Total Liabilities and Net Assets	<u>\$ 92,830</u>

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

**New Horizons Youth Service Bureau, Inc.
Hammond, Louisiana**

**Statement of Activities
For the Year Ended June 30, 2017**

	<u>Unrestricted</u>
Revenue and Other Support:	
Government Grants and Contracts	\$ 288,010
United Way	14,583
Fund Raising	4,395
Interest	56
Donations	3,681
Recovery of Penalty and Interest	9,717
Other Income	10,608
Total Revenues and Other Support	<u>331,050</u>
Expenses:	
Program Services:	
Multi-Systemic Therapeutic Pathways	82,681
	320,986
Supporting Services:	
United Way	14,106
General & Administrative	4,623
Total Expenses	<u>422,396</u>
Change in Net Assets	(91,346)
Net Assets, Beginning	65,331
Net Assets, Ending	<u>\$ (26,015)</u>

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

**New Horizons Youth Service Bureau, Inc.
Hammond, Louisiana**

**Statement of Functional Expenses
For the Year Ended June 30, 2017**

	<u>Program Services</u>		<u>Supporting Services</u>		<u>Total</u>
	<u>MST</u>	<u>Pathways</u>	<u>United Way</u>	<u>General & Admin.</u>	
Expenses:					
Accounting & Auditing	\$ 2,221	\$ 5,265	\$ 246	\$ -	\$ 7,732
Administrative	26	185		390	601
Answering Service	289	540	-	-	829
Bad Debt	-	1,236	-	-	1,236
Depreciation	2,547	2,547	-	-	5,094
Dues	14,252	3,336	1,840	-	19,428
Employee Benefits	232	707	23	-	962
Equipment Maintenance	26	36	3	-	65
Health Insurance	-	3,978	-	-	3,978
Insurance	7,144	20,981	-	-	28,125
Interest	-	-	-	3,281	3,281
Household Maintenance	83	116	8	-	207
Office Expense	318	1,088	28	58	1,492
Payroll Taxes	4,825	17,530	1,016	-	23,371
Postage	224	482	23	100	829
Printing	-	-	-	794	794
Property Maintenance	400	1,360	40	-	1,800
Salaries	44,536	233,850	10,477	-	288,863
Supplies	16	26	2	-	44
Telephone	1,798	5,884	199	-	7,881
Travel	1,888	13,711	-	-	15,599
Unemployment	-	2,087	-	-	2,087
Utilities	1,856	6,041	201	-	8,098
Total Expenses	\$ 82,681	\$ 320,986	\$ 14,106	\$ 4,623	\$ 422,396

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

New Horizons Youth Service Bureau, Inc.
Statement of Cash Flows
For the Year Ended June 30, 2017

Cash Flows from Operating Activities:	
Change in Net Assets	\$ (91,346)
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:	
Depreciation	5,094
Change in Operating Assets:	
Decrease in Receivables	60,818
Change in Operating Liabilities:	
Decrease in Accounts Payable	(2,959)
Decrease in Accrued Liabilities	(27,570)
Net Cash Used by Operating Activities	<u>(55,963)</u>
 Cash Flows from Investing Activities:	
Purchase of Equipment	(548)
Net Cash Used by Investing Activities	<u>(548)</u>
 Cash Flows from Financing Activities:	
Principal Payments on Notes Payable	(4,794)
Payments on Capital Lease	(1,441)
Net Cash Used by Financing Activities	<u>(6,235)</u>
Net Decrease in Cash and Cash Equivalents	(62,746)
Cash and Cash Equivalents, Beginning of Year	<u>88,392</u>
Cash and Cash Equivalents, End of Year	<u>\$ 25,646</u>
 Supplemental Cash Flow Information	
Cash Paid During the Year for Interest	<u>\$ 3,281</u>

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

**New Horizons Youth Service Bureau, Inc.
Hammond, Louisiana**

**Notes to the Financial Statements
For the Year Ended June 30, 2017**

1. Summary of Significant Accounting Policies

A. Nature of Organization

New Horizons Youth Service Bureau, Inc. (the "Organization") was incorporated on April 20, 1978. The Organization is a non-profit organization formed to provide local resources for youth and families as a means to prevent juvenile delinquency. The Organization now serves the five Florida parishes of Tangipahoa, St. Helena, Livingston, Washington, and St. Tammany. The Bureau receives funds mostly through Medicaid funded programs. They also receive funds from the United Way, local fund raising activities, and donations from other local individuals and groups.

B. Basis of Accounting

The financial statements of New Horizons Youth Service Bureau, Inc. have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

C. Basis of Presentation

The Organization reports 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.

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets, if the restrictions expire in the reporting period in which the support is recognized. All other 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 (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

D. Use of 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.

New Horizons Youth Service Bureau, Inc.
Hammond, Louisiana

Notes to the Financial Statements
For the Year Ended June 30, 2017

E. Programs

Multi-Systemic Therapy - Trained therapists provide intensive in-home and community-based mental health counseling services to Medicaid-eligible individuals.

Pathways Homebuilders - Home based therapeutic program designed to reduce the number of youths removed from their families by the court for child abuse, neglect, and/or delinquency.

F. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. Cash and cash equivalents include demand deposits and interest bearing demand deposits.

G. Receivables

Receivables represent amounts due from the Multi-Systemic Therapy and Pathways Homebuilders Program which are funded by Medicaid. Amounts are stated at cost and management estimates that all amounts are collectible.

H. Allowance for Bad Debts

The Organization uses the direct write-off method to provide for uncollectible accounts. Management believes use of this method does not result in a material difference from the valuation method required by accounting principles generally accepted in the United States of America.

I. Property and Equipment

Property and equipment are recorded at cost, with the exception of donated items, which are recorded at fair market value at the date of the donation. It is the Organization's policy to capitalize expenditures for items in excess of \$500 with a useful life of at least three years. Acquisitions and donations of property and equipment are made with unrestricted assets, unless the donor imposes a restriction. Depreciation is provided over the estimated useful lives of the respective assets, approximately three to thirty-one years, on a straight-line-basis.

J. Donated Services

No amounts have been reflected in the financial statements for donated services. Portions of the Organizations functions are conducted by unpaid officers, board members, and volunteers.

New Horizons Youth Service Bureau, Inc.
Hammond, Louisiana

Notes to the Financial Statements
For the Year Ended June 30, 2017

K. Income Taxes

The Organization is a not-for-profit corporation that is exempt from both federal and state income taxes under Section 501(C)(3) of the Internal Revenue Code. The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

L. Functional Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

2. Property and Equipment

Property and equipment consist of the following:

Land	\$ 25,000
Buildings	126,026
Vehicles	21,749
Equipment	42,408
	<hr/>
	215,183
	<hr/>
Accumulated Depreciation	(147,999)
	<hr/>
	\$ 67,184

Depreciation expense for the year ended June 30, 2017 was \$5,094.

3. Compensated Absences

The Bureau offers sick and vacation leave to all of its employees. All employees must use all of their accrued vacation by June 30 of each year. Any remaining vacation that is unused will be forfeited. Employees will receive a set number of vacation days at the start of each fiscal year. The Organization's full-time employees accrue ten to twenty days of annual paid leave upon completion of twelve months of employment, depending on employee classification, and accrue twelve days of sick leave.

4. Notes Payable

The Organization entered into a promissory note of \$67,308 bearing an interest rate of 5.75% on April 18, 2013. This note is payable in 59 regular payments of \$651.08 each and one irregular last payment estimated at \$45,460. This note is secured by a multiple indebtedness mortgage dated July 27, 2005 executed by New Horizons Youth Service Bureau in favor of lender. The note

**New Horizons Youth Service Bureau, Inc.
Hammond, Louisiana**

**Notes to the Financial Statements
For the Year Ended June 30, 2017**

payable balance at June 30, 2017 was \$49,081. The Bureau's land and buildings are pledged as collateral for the note payable.

The future scheduled maturities of the note payable including interest of \$2,247 are as follows:

Years Ending June 30	
2018	\$ 51,328
	<u>\$ 51,328</u>

5. Concentrations of Program Funding

The mission of the New Horizons Youth Service Bureau, Inc. is to improve the physical and emotional wellbeing of the children, youth, and families of the Florida Parishes and to increase the capacity of families to effectively care for their children.

A substantial portion of the Organization's support and revenue is derived from Medicaid funded programs such as the Multi - Systemic Therapy (MST) and Pathways Homebuilders Program. Approximately 78% of the Organization's funding is from Pathways programs, and 9% from Multi-Systemic Therapy.

6. Fund Raising Revenues

Fund-raising revenues are presented at gross, with related expenses presented separately in the accompanying financial statements. Revenue for the year ended June 30, 2016 was \$4,395.

7. Accrued Payroll Taxes, Prior Years

The accrued payroll taxes for prior years consist of unpaid penalty and interest for the quarters ending June 30, 2009 in the amount of \$17,191 and September 30, 2009 in the amount of \$52,249. The Bureau has paid the tax portion on its unpaid taxes and the remaining amount includes penalty and interest. The Bureau is currently in the process of appealing the decision not to remove any penalties and interest owed to the Internal Revenue Service.

The Bureau is current on all other payroll taxes.

8. Going Concern

In December of 2016, the Bureau shut down its MST program due to the program no longer being profitable. The Bureau decided to shut down the Pathways program and all operations in 2017. Those factors, create substantial doubt about the Bureau's ability to continue as a going concern for the year following the date the financial statements are available to be issued.

**New Horizons Youth Service Bureau, Inc.
Hammond, Louisiana**

**Notes to the Financial Statements
For the Year Ended June 30, 2017**

As of the date of this report, the Bureau's plans are to sell its office building and pay off any remaining debt.

9. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, September 8, 2017 and determined that the following events require disclosure.

As of the date of this report, management has listed the office building for sale and intends to use the proceeds to pay off any remaining debt.

Other Supplemental Information

**New Horizons Youth Service Bureau, Inc.
Hammond, Louisiana**

**Schedule of Compensation, Benefits and Other Payments to Agency Head
For the Year Ended June 30, 2017**

Agency Head: Cindy Martens

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 48,438
	\$ 48,438

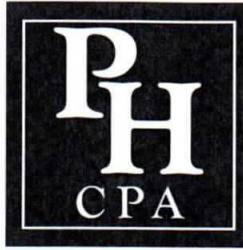
Other Independent Auditor's Reports

CHARLES P. HEBERT, CPA

CHRISTOPHER S. JOHNSON, CPA, MBA

MEMBER

American Institute of Certified Public Accountants
Society of Louisiana Certified Public Accountants



18435 HWY. 22
P.O. BOX 1151
PONCHATOULA, LA 70454
(985) 386-5740 • FAX (985) 386-5742

29644 SOUTH MONTPELIER AVE., STE. B
P.O. BOX 520
ALBANY, LA 70711
(225) 209-6627 • FAX (225) 209-6625

Phil Hebert, CPA

A PROFESSIONAL ACCOUNTING CORPORATION

Independent Auditor's 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
New Horizons Youth Service Bureau, Inc.
P.O. Box 1968
Hammond, Louisiana 70404

We have audited, in accordance with the 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, the financial statements of New Horizons Youth Service Bureau, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 8, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered New Horizons Youth Service Bureau, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of New Horizon Youth Service Bureau Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Bureau's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal

control, described in the accompanying Schedule of Current Year Audit Findings and Responses, we identified certain deficiencies in internal control that we consider to be material weaknesses. See Finding 2017-1

Compliance and Other Matters

As part of obtaining reasonable assurance about whether New Horizons Youth Service Bureau, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 did not disclose any instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

New Horizons Youth Service Bureau, Inc.'s Response to Findings

New Horizons Youth Service Bureau, Inc.'s response to the findings identified in our audit are described in the accompanying Schedule of Current Year Findings, Recommendations, and Responses. New Horizons Youth Service Bureau, Inc.'s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended for the information and use of the finance committee, the board of directors, management, United Way, federal awarding agencies, pass-through entities, and the Louisiana Legislative Auditor. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Sincerely,

Phil Hebert

Phil Hebert, CPA
A Professional Accounting Corporation
Ponchatoula, Louisiana
September 8, 2017

**New Horizons Youth Service Bureau, Inc.
Hammond, Louisiana**

**Schedule of Prior Year Findings
As of and for the Year Ended June 30, 2017**

Internal Control

2016-1 Bureau's Accountant Cannot Draft Financial Statements

Condition:

The Organization's accountant lacks the skills and resources to prepare the annual financial statements.

Recommendation:

We recommend management review the cost benefit of hiring an accountant who has the technical skills to prepare the annual financial statements.

Resolved:

See Current Year Finding 2016-1.

This schedule was prepared by management.

**New Horizons Youth Service Bureau, Inc.
Hammond, Louisiana**

**Schedule of Current Year Findings, Recommendations, and Responses
As of and for the Year Ended June 30, 2017**

Section I Summary of Auditor's Reports

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

Internal Control

Material Weakness, Yes Significant Deficiencies, No

Compliance Material to Financial Statements. No

b. Federal Awards

Not applicable

Was management letter issued? No

Section II Financial Statement Findings

Internal Control

2017-1 Bureau's Accountant Cannot Draft Financial Statements

Condition:

The Organization's accountant lacks the skills and resources to prepare the annual financial statements.

Criteria:

The Organization must have effective controls to prevent, detect, and correct misstatements in the financial statements.

Cause:

The Organization's job description for the accountant does not require the accountant to have the technical skills to prepare the annual financial statements.

Effect:

The potential effect is that a material misstatement in the Organization's financial statements may not be prevented, or detected and corrected on a timely basis.

**New Horizons Youth Service Bureau, Inc.
Hammond, Louisiana**

**Schedule of Current Year Findings, Recommendations, and Responses
As of and for the Year Ended June 30, 2017**

Recommendation:

We recommend management review the cost benefit of hiring an accountant who has the technical skills to prepare the annual financial statements.

Management's Response and Corrective Action Plan:

Management reviewed the cost benefit of hiring an accountant who has the technical skills to prepare the annual financial statements. Management will continue to have the auditor prepare the financial statements. Responsible party is Mike Whitlow, Board President, (985) 345-1171.