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NEW HORIZONS YOUTH SERVICE BUREAU, INC.

ANNUAL FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2012

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 MAR 27 2013

PHIL HEBERT
CERTIFIED PUBLIC ACCOUNTANT
A PROFESSIONAL ACCOUNTING CORPORATION

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

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June 30, 2012**

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Phil Hebert, CPA

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Independent Auditor's Report

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

I have audited the accompanying statement of financial position of New Horizons Youth Service Bureau, Inc. (A nonprofit organization), as of June 30, 2012 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 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 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, Inc. as of June 30, 2012, 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 accompanying financial statements have been prepared assuming that the Organization will continue as a going concern. As discussed in note 10 to the financial statements, the Organization has suffered recurring significant reductions in grant revenues and has a net deficiency in net assets that raise substantial doubt about its ability to continue as a going concern. Management's plans regarding these matters are also described in note 10. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Phil Hebert, CPA

A PROFESSIONAL ACCOUNTING CORPORATION

In accordance with *Government Auditing Standards*, I have also issued my report dated October 29, 2012, on my consideration of New Horizons Youth Service Bureau, Inc.'s internal control over financial reporting and on my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

Sincerely,

Phil Hebert

Phil Hebert, CPA
A Professional Accounting Corporation

October 29, 2012

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

**Statement of Financial Position
June 30, 2012**

Assets

Current Assets:

Cash and Cash Equivalents	\$ 20,474
Receivables	55,436
Total Current Assets	<u>75,910</u>

Fixed Assets:

Land	25,000
Property and Equipment, Net	69,190
Total Fixed Assets	<u>94,190</u>
Total Assets	<u>\$ 170,100</u>

Liabilities

Current Liabilities:

Accounts Payable	\$ 4,303
Notes Payable	85,061
Accrued Payroll Taxes, Prior Years	92,813
Accrued Payroll Taxes, Current Year	1,286
Accrued Annual Leave	19,564
Total Current Liabilities	<u>203,027</u>

Net Assets:

Unrestricted	<u>(32,927)</u>
Total Net Assets	<u>(32,927)</u>
Total Liabilities and Net Assets	<u>\$ 170,100</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, 2012**

	Unrestricted	Temporarily Restricted	Total
Revenue and Other Support:			
Government Grants and Contracts	\$ -	\$ 642,102	\$ 642,102
Tangipahoa United Way	-	45,000	45,000
Fund Raising	20,612	-	20,612
Interest	29	-	29
Donations	3,836	-	3,836
Gain on Sale of Fixed Asset	850	-	850
Other Income	4,040	-	4,040
Net Assets Released From Restrictions:			
Restrictions Satisfied by Payments	687,102	(687,102)	-
Total Revenues and Other Support	716,469	-	716,469
Expenses:			
Program Services:			
Multi-Systemic Therapeutic Pathways	206,018	-	206,018
Counseling Center	453,348	-	453,348
Supporting Services:	14,945	-	14,945
United Way	54,224	-	54,224
General & Administrative	22,769	-	22,769
Fund Raising	8,782	-	8,782
Total Expenses	760,086	-	760,086
Change in Net Assets	(43,617)	-	(43,617)
Net Assets Beginning	10,690	-	10,690
Net Assets, Ending	\$ (32,927)	\$ -	\$ (32,927)

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, 2012**

	<u>Program Services</u>			<u>Supporting Services</u>			<u>Total</u>
	<u>MST</u>	<u>Pathways</u>	<u>Counseling Center</u>	<u>United Way</u>	<u>General & Admin.</u>	<u>Fund Raising</u>	
Expenses:							
Accounting & Auditing \$	2,499	\$ 9,600	\$ 132	\$ 921	\$ -	\$ -	\$ 13,152
Administrative	26	26	36	-	-	-	88
Answering Service	435	435	-	-	-	-	870
Auto	504	2,499	78	115	-	-	3,196
Bank Charges	-	-	6	-	6	-	12
Client Needs	118	82	-	-	-	-	200
Contract Labor	150	21,630	-	-	-	-	21,780
Depreciation	2,016	7,746	106	743	-	-	10,611
Dues	33,890	164	2	16	80	-	34,152
Employee Benefits	354	777	25	97	-	-	1,253
Equipment Maintenance	210	835	19	80	-	-	1,144
Fund Raising	-	-	-	-	-	8,782	8,782
Health Insurance	3,153	9,369	919	2,283	222	-	15,946
Insurance	7,067	27,154	372	2,604	-	-	37,197
Interest	1,309	3,591	51	-	506	-	5,457
Household Maintenance	36	137	2	13	-	-	188
Medical Supplies	-	-	229	-	-	-	229
Office Expense	862	3,313	79	318	-	-	4,572
Payroll Taxes	10,469	19,315	669	2,964	3,716	-	37,133
Penalties and Interest	-	-	-	-	9,871	-	9,871
Postage	185	712	10	68	-	-	975
Printing	139	92	48	3	-	-	282
Property Maintenance	323	1,241	17	119	-	-	1,700
Salaries	133,113	315,546	11,044	42,330	8,058	-	510,091
Supplies	306	966	93	172	64	-	1,601
Telephone	1,804	6,813	93	649	-	-	9,359
Travel	4,825	12,063	67	-	-	-	16,955
Unemployment	288	4,215	8	68	-	-	4,579
Utilities	1,937	5,027	840	661	246	-	8,711
Total Expenses	\$ 206,018	\$ 453,348	\$ 14,945	\$ 54,224	\$ 22,769	\$ 8,782	\$ 760,086

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, 2012

Cash Flows from Operating Activities	\$ (43,617)
Change in Net Assets	
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:	
Depreciation	10,611
Change in Operating Assets:	
Decrease in Receivables	11,349
Decrease in Prepaid Insurance	7,845
Change in Operating Liabilities:	
Decrease in Accounts Payable	(1,658)
Decrease in Accrued Liabilities	(3,453)
Net Cash Used by Operating Activities	<u>(18,923)</u>
 Cash Flows from Financing Activities	
Principal Payments on Notes Payable	(8,483)
Proceeds from Line of Credit	<u>20,785</u>
Net Cash Provided by Financing Activities	<u>12,302</u>
 Net Decrease in Cash and Cash Equivalents	(6,621)
 Cash and Cash Equivalents, Beginning of Year	<u>27,095</u>
Cash and Cash Equivalents, End of Year	<u>\$ 20,474</u>
 Supplemental Cash Flow Information	
Cash Paid During the Year for Interest	<u>\$ 5,457</u>

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

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

**Notes to Financial Statements
For the Year Ended June 30, 2012**

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 Organization is funded mainly through a combination of state and federal grants. They also receive funds from the United Way, local fundraising activities, and donations from other local individuals and groups. Consequently, the Organization's ability to earn revenue is affected by state and federal governmental policies.

B. Financial Statement Presentation

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 depending on the existence and/or nature of any donor restrictions.

C. Basis of Presentation

The Organization reports information regarding its financial position and activities according to separate classes of net assets as follows:

Unrestricted - Assets and contributions that are not restricted by grants or contracts or for which there are no restrictions.

Temporarily Restricted - A grant or contract imposed restriction that permits the Organization to use the donated funds as specified. The use of the funds is restricted by purpose and/or until the passage of time.

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 Financial Statements
For the Year Ended June 30, 2012**

E. Programs

Counseling Center - Counseling that includes group, individual, and family therapy for instances of physical, emotional, and sexual abuse in the community of Tangipahoa parish.

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

Pathways - 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 federal and state grants and contracts. 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. Depreciation expense for the year ended June 30, 2012 was \$10,611.

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 Financial Statements
For the Year Ended June 30, 2012**

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.

L. Restricted and Unrestricted Revenue and Support

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.

M. 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	28,704
Equipment	<u>47,895</u>
	<u>227,625</u>
Accumulated Depreciation	<u>(133,435)</u>
	<u>\$ 94,190</u>

The Bureau's land and buildings are pledged as collateral for the note payable.

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

**Notes to Financial Statements
For the Year Ended June 30, 2012**

3. Compensated Absences

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. Not more than ten days of accrued vacation may be carried over to the following year. Full-time employees earn one day of sick leave per month based on varying terms of service which are forfeited upon termination. Annual leave vests with the employee, and therefore, has been accrued. The amount of accumulated unpaid leave as of June 30, 2012 was \$19,564.

4. Notes Payable

The Organization entered into a promissory note of \$76,849.22 bearing an interest rate of 6.00% on March 17, 2010. This note is payable in 35 regular payments of \$652.25 each and one irregular last payment estimated at \$67,173.12. 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 payable balance at June 30, 2012 was \$69,248.

The future scheduled maturities of notes payable including interest of \$3,109 are as follows:

Years Ending <u>June 30</u> 2013	<u>\$ 72,357</u> <u>\$ 72,357</u>
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5. Line of Credit

The Organization entered into a revolving line of credit on April 2, 2012. The current interest rate is 3.25% and is paid on a monthly basis. The line of credit is secured by mortgage dated July 27, 2005 executed by New Horizons Youth Service Bureau in favor of lender. The balance of the line of credit at June 30, 2012 was \$15,813. Final payment on the balance is due on April 3, 2013.

6. Receivables

Receivables consist of the following at June 30, 2012

Federal and state contracts	\$ 28,594
Program service fees	<u>26,842</u>
	<u>\$ 55,436</u>

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

**Notes to Financial Statements
For the Year Ended June 30, 2012**

7. Concentrations of Program Funding

The mission of the New Horizons Youth Service Bureau, Inc. is to improve the physical and emotional well being 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 restricted grants and cost based reimbursement contracts for the various programs conducted. The various grants and contracts are approved on a year-to-year basis. Any unexpended grant funds or unauthorized expenditures charged against the programs must be refunded.

Approximately 61.7% of the Organization's funding is from Pathways program, 25% from Multi-Systematic Therapeutic program and 2.4% is from the Counseling Center program. The remaining funding is generated from United Way agency, service fees and fund raising events.

8. Fund Raising Revenues

Fund raising revenue are presented at gross, with related expenses presented separately in the accompanying financial statements. Revenue for the year ended June 30, 2012 was \$20,612 with related expenses of \$8,782

9. Third Party Revenues

A substantial share of contract revenues for services to clients is derived under federal and state third-party reimbursement programs. These revenues are based, in part, on cost reimbursement principles and are subject to audit and retroactive adjustment by the respective third-party providers. Retroactive adjustments, if any, are not considered by management to be material to the financial position or results of operations of the Organization.

10. Going Concern

The Organization suffered reductions in revenue of \$111,830 and \$151,998 for the periods ending June 30, 2012 and 2011. For the fiscal year ending June 30, 2012 the Organization suffered a negative change in net assets of \$43,617 compared to a positive change in net assets of \$33,611 for the fiscal year ending June 30, 2011. At June 30, 2012, the Organization reported negative net assets of \$32,927.

Management evaluated the significance of these conditions and noted the Organization experienced significant decreases in revenue in the Multi-Systemic Therapeutic and Pathways Programs due to changes in the state's management of children's mental health services. Some problems resulting from these changes were the loss of some contracts in the Pathways program and a decrease in revenue per service unit, and a decrease in Medicaid rates paid for Multi-Systemic Therapeutic Services.

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

**Notes to Financial Statements
For the Year Ended June 30, 2012**

Management performed a detailed analysis of each of the organization's programs and presented a viable plan of action to board of governance. Some of the significant elements of the plan include the following:

- a) modifying the cost of salaries and benefits
- b) increasing the size of therapist caseloads while eliminating all time lapses between cases
- c) adding off-campus sites for servicing clients in underserved areas
- d) ensuring continuation of referrals from previous contract agencies through marketing and educating referring workers on new protocol and parameters
- e) completing plans to implement 2 new services which are needed, but currently not provided in service area
- f) pursuing leads for renting unused buildings on property to supplement programs' revenue
- g) utilizing an unused building on property for a for-profit activity to supplement programs' revenue

11. Accrued Payroll Taxes, Prior Years

The accrued payroll taxes for prior years consist of unpaid payroll tax deposits including penalty and interest for the quarters ending June 30, 2009 in the amount of \$27,715 and September 30, 2009 in the amount of \$65,098. The original tax per tax returns was \$51,653.28 for June 30, 2009 and \$50,055.45 for September 30, 2009. During the fiscal year ending June 30, 2012, the Bureau made payments totaling \$17,000 against the prior year payroll liabilities reducing the outstanding balance by \$7,129 from \$99,942 to \$92,813 at June 30, 2012

The Bureau is current on all other payroll taxes.

12. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, October 29, 2012, and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Other Independent Auditor's Reports

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**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

I have audited the financial statements of New Horizons Youth Service Bureau, Inc. (a nonprofit organization) as of and for the year ended June 30, 2012, and have issued my report thereon dated October 29, 2012. I conducted my 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

Management of New Horizons Youth Service Bureau, Inc. is responsible for maintaining effective internal control over financial reporting. In planning and performing my audit, I considered New Horizons Youth Service Bureau, Inc.'s internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of New Horizons Youth Service Bureau, Inc.'s internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of New Horizons Youth Service Bureau, Inc.'s internal control over financial reporting.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Current Year Audit Findings and Responses, I identified certain deficiencies in internal control over financial reporting that I consider to be material weaknesses

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 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. I consider the deficiencies described in the accompanying Schedule of Current Year Audit Findings and Responses to be material weaknesses. See 2012-1.

Phil Hebert, CPA

A PROFESSIONAL ACCOUNTING CORPORATION

Compliance and Other Matters

As part of obtaining reasonable assurance about whether New Horizons Youth Service Bureau, Inc.'s financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Current Year Findings, Recommendations, and Responses as item 2012-2.

New Horizons Youth Service Bureau Inc.'s responses to the findings identified in my audit are described in the accompanying Schedule of Current Year Audit Findings and Responses. I did not audit the Organization's responses and accordingly, I express no opinion on it.

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

October 29, 2012

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

**Schedule of Prior Year Findings
As of and for the Year Ended June 30, 2012**

Internal Control

2011-1 Accountant cannot prepare financial statements

Condition:

The Organization's accountant cannot prepare the annual financial statements. As part of the audit engagement, the auditor drafted the financial statements for the Organization

Recommendation:

I recommend management review the cost benefit of hiring an accountant who has the technical skills to prepare the annual financial statements in conformity with accounting principles generally accepted in the United States of America.

Resolved:

See Current Year Finding 2012-1.

Compliance

2011-2 Office of Juvenile Justice Program

Staff Qualifications

Condition:

On June 22, 2011, during a Semi-Annual Quality Assurance Review it was noted that management did not document the date the background checks were requested on the more recent hires.

Recommendation:

Management has taken appropriate action.

Resolved:

See Finding 2012-2

Treatment

Condition:

Five clients were reviewed during the Semi-Annual Quality Assurance Review on June 22, 2011 In regards to the fourteen day period for completing treatment plans, four records were found to be in compliance and one record was not in compliance. The record did not reflect the treatment plan had been created and signed within the fourteen day period.

(Continued)

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

**Schedule of Prior Year Findings
As of and for the Year Ended June 30, 2012**

Recommendation:

In four of the five cases reviewed the treatment plan was properly signed within the fourteen day period I recommend management review the compliance finding with all staff members and stress the importance of reviewing the treatment plan with the client and the client's families and have all parties sign the plan

Resolved:

Yes

This schedule has been 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, 2012**

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, Yes

b Federal Awards

Not applicable

Was management letter issued? No

Section II Financial Statement Findings

Internal Control

2012-1 Bureau's Accountant Cannot Draft Financial Statements

Condition:

The Organization's accountant cannot prepare the annual financial statements. As part of the audit engagement, the auditor drafted the financial statements for the Organization.

Criteria:

Annual financial statements must be prepared in conformity with accounting principles generally accepted in the United States of America.

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 in conformity with accounting principles generally accepted in the United States of America.

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, 2012**

Recommendation:

I recommend management review the cost benefit of hiring an accountant who has the technical skills to prepare the annual financial statements in conformity with accounting principles generally accepted in the United States of America.

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 in conformity with generally accepted accounting principles. Management will continue to have the auditor prepare the financial statements. Responsible party is Elizabeth Sawyer, Executive Director.

2012-2 Office of Juvenile Justice Program

The following findings were noted on a quality assurance review on July 24, 2012 by an Office of Juvenile Justice Staff.

Staff Qualifications

Condition:

On June 21, 2012, during a Semi-Annual Quality Assurance Review it was noted that management did not document the date the background checks were requested on the more recent hires.

Criteria:

Standard operating procedure 2.5 requires all staff members receive cleared background checks and complete training before they can begin working with clients.

Cause:

All staff members had received cleared background checks and had completed all required training, but the dates the background checks were obtained was not documented

Effect:

Because the dates the background checks were obtained was not documented, it is not clear if the employees began working with clients before or after the Organization received cleared background checks.

Recommendation:

Management has taken appropriate action.

Management's Response and Corrective Action Plan:

The Organization implemented a checklist that must be completed prior to beginning training. It includes all necessary items such as drivers' license, insurance, resume, and date background check was requested and completed. Responsible party is Elizabeth Sawyer, Executive Director.

**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, 2012**

Treatment

Condition:

Six clients were reviewed during the Semi-Annual Quality Assurance Review on June 21, 2012. The Pathways program is a 6 week in-home family preservation program. A pretest and post-test to determine desired outcomes of Treatment Need Areas and Intervention Goals is to be completed within 15 days of admission to the program. None of the six cases reviewed had dates on the pretest and post-test to determine compliance.

Criteria:

The Pathways Program requires pretest and post-test to be dated.

Cause:

The therapists did not have dates listed on the pretest and post-test.

Effect:

The Organization was not in compliance with the Pathways Program

Recommendation:

I recommend management review the compliance finding with all staff members and stress the importance of dating the pretest and post-test.

Management's Response and Corrective Action Plan:

All staff members were advised of the protocol for treatment planning. Responsible party is Elizabeth Sawyer, Executive Director