

NEW HORIZONS YOUTH SERVICE BUREAU, INC.

ANNUAL FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION

As of and for the Year Ended June 30, 2010

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

3/30/11

PHIL HEBERT
CERTIFIED PUBLIC ACCOUNTANT
A PROFESSIONAL ACCOUNTING CORPORATION

New Horizons Youth Service Bureau, Inc.
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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, 2010 and the related statements of activities, functional expenses, and cash flows for the year ended. These financial statements are the responsibility of the Bureau's management. My responsibility is to express an opinion on these financial statement based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards for 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, 2010, 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.

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of federal financial assistance on page 15 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 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 my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Phil Hebert, CPA

A PROFESSIONAL ACCOUNTING CORPORATION

In accordance with *Government Auditing Standards*, I have also issued a report dated November 29, 2010, 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 grants 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 the 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

November 29, 2010

New Horizons Youth Service Bureau, Inc.
Statement of Financial Position
June 30, 2010

Assets

Current Assets

Cash and Cash Equivalents	\$ 23,906
Receivables	64,234
Prepaid Insurance	7,637
Total Current Assets	95,777

Fixed Assets:

Land	25,000
Property and Equipment, Net	98,801
Total Fixed Assets	123,801
Total Assets	219,578

Liabilities

Current Liabilities

Accounts Payable	10,316
Grant Payable	11,126
Notes Payable - Current Portion	7,292
Accrued Payroll Taxes	114,524
Accrued Annual Leave	17,325
Total Current Liabilities	160,583

Long Term Liabilities:

Notes Payable - Long Term	81,916
Total Long Term Liabilities	81,916
Total Liabilities	242,499

Net Assets

Unrestricted	(22,921)
Total Net Assets	\$ (22,921)

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

New Horizons Youth Service Bureau, Inc.
Statement of Activities
Year Ended June 30, 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue and Other Support			
Government Grants and Contracts	\$ -	\$ 893,076	\$ 893,076
Tangipahoa United Way	-	38,000	38,000
Fund Raising	23,218	-	23,218
Interest	65	-	65
Other Income	25,938	-	25,938
Net Assets Released From Restrictions			
Restrictions Satisfied by Payments	931,076	(931,076)	-
Total Revenues and Other Support	<u>980,297</u>	<u>-</u>	<u>980,297</u>
Expenses			
Program Services:			
Multi-Systemic Therapeutic	286,719	-	286,719
Pathways	499,797	-	499,797
Cross Roads	125,940	-	125,940
Counseling Center	18,467	-	18,467
ADAPT	63,516	-	63,516
Supporting Services			
General & Administrative	82,694	-	82,694
Fund Raising	8,398	-	8,398
Total Expenses	<u>1,085,531</u>	<u>-</u>	<u>1,085,531</u>
Change in Net Assets	(105,234)	-	(105,234)
Net Assets Beginning, Restated (Note L)	82,313	-	82,313
Net Assets, Ending	<u>\$ (22,921)</u>	<u>\$ -</u>	<u>\$ (22,921)</u>

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

New Horizons Youth Service Bureau, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2010

Expenses	Program Services				
	MST	Pathways	Crossroads	Counseling Center	ADAPT
Salaries	\$ 158,945	\$ 313,431	\$ 87,763	\$ 14,929	\$ 46,300
Auto	2,528	2,947	2,993	21	687
Client Needs	-	61	-	-	-
Conferences and Training	3,621	146	8	19	3
Depreciation	4,382	7,638	1,924	282	971
Dues and Subscriptions	24,232	80	22	6	611
Fund Raising	-	-	-	-	-
Health Insurance	17,433	25,826	9,457	1,335	2,693
Insurance	12,312	16,461	4,814	-	2,440
Interest	734	1,767	467	41	-
Occupancy	3,958	1,629	553	190	211
Office Expense	6,777	6,034	2,066	-	735
Payroll Taxes	12,200	23,972	6,712	1,198	3,232
Penalties and Interest	-	-	-	-	-
Professional Services	17,063	69,790	3,024	30	1,712
Repairs	2,732	2,746	1,147	-	457
Supplies	1,701	2,435	453	239	705
Telephone	4,818	6,320	2,118	44	872
Travel	10,270	13,580	411	11	4
Unemployment	750	1,908	625	76	638
Utilities	2,263	3,026	1,383	46	1,245
Miscellaneous	-	-	-	-	-
Total Expenses	\$ 286,719	\$ 499,797	\$ 125,940	\$ 18,467	\$ 63,516

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

New Horizons Youth Service Bureau, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2010

Supporting Services		
General & Administrative	Fund Raising	Total
\$ 29,884	\$ -	\$ 651,252
419	-	9,595
-	-	61
(34)	-	3,763
1,521	-	16,718
87	-	25,038
-	8,398	8,398
2,157	-	58,901
4,961	-	40,988
2,080	-	5,089
(170)	-	6,371
92	-	15,704
4,510	-	51,824
21,337	-	21,337
1,780	-	93,399
1,754	-	8,836
3,273	-	8,806
674	-	14,846
122	-	24,398
(113)	-	3,884
970	-	8,933
7,390	-	7,390
\$ 82,694	\$ 8,398	\$ 1,085,531

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, 2010

Cash Flows from Operating Activities	
Change in Net Assets	\$ (105,234)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	16,718
Change in Operating Assets:	
Decrease in Receivables	127,363
Increase in Prepaid Insurance	(4,292)
Change in Operating Liabilities:	
Decrease in Accounts Payable	(5,560)
Increase in Accrued Liabilities	52,965
Decrease in Bank Overdraft	(56,821)
Net Cash Provided by Operating Activities	<u>25,139</u>
Cash Flows from Financing Activities	
Proceeds From Note Payable	3,849
Principal Payments on Notes Payable	(5,082)
Net Cash Used in Financing Activities	<u>(1,233)</u>
Net Increase in Cash and Cash Equivalents	23,906
Cash and Cash Equivalents, Beginning of Year	-
Cash and Cash Equivalents, End of Year	<u>\$ 23,906</u>
Supplemental Cash Flow Information	
Cash Paid During the Year for Interest	<u>\$ 5,089</u>

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

New Horizons Youth Service Bureau, Inc.
Notes to Financial Statements

Note A- Summary of Significant Accounting Policies

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.

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.

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.

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.
Notes to Financial Statements

Programs

Crossroads - Crisis intervention program designed to reduce the number of children removed from their families due to psychiatric hospitalization.

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

ADAPT - An adolescent substance abuse treatment program includes group, individual, and family therapy, as well as drug testing. Client assessment, education, counseling, and drug screening offer adolescents and their families the opportunity to break the cycle of chemical dependency.

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.

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.

Receivables

Receivables represent amounts due from federal and state cost reimbursement grants and contracts. Amounts are stated at cost and management estimates that all amounts are collectible.

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.

New Horizons Youth Service Bureau, Inc.
Notes to Financial Statements

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, 2010 was \$16,718.

Donated Assets and Services

The Organization records noncash donations as contributions at its estimated fair value at the date of the donation. Portions of the Organizations functions are conducted by unpaid officers, board members, and volunteers. The Organization has not received donated materials and supplies as of June 30, 2010.

The Organization recognizes donated services, if significant in amount, that create or enhance non-financial assets or that require specialized skills provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

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.

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.

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 benefited.

New Horizons Youth Service Bureau, Inc.
Notes to Financial Statements

Note B - Concentration of Credit Risk

The Organization maintains its cash balances in one financial institution located in Hammond, Louisiana that may at times exceed amounts covered by insurance provided by the Federal Deposit Insurance Corporation up to \$250,000. The Organization's cash balances were not in excess of the FDIC insurance at June 30, 2010. The Organizations has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk to cash.

Note C - Property and Equipment

Property and equipment consist of the following:

Land	\$ 25,000
Buildings	126,026
Vehicles	60,939
Equipment	<u>47,895</u>
	<u>259,860</u>
Accumulated Depreciation	<u>(136,059)</u>
	<u>\$ 123,801</u>

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

Note D - 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 June 30, 2010 was \$17,325.

Note E - Notes Payable

The Organization entered into a note payable of \$17,841 bearing an interest rate of 7.99% in April 2009, and is secured by collateral. The note payable balance at June 30, 2010 was \$13,219.

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, 2010 was \$75,989.

New Horizons Youth Service Bureau, Inc.
Notes to Financial Statements

The future scheduled maturities of notes payable including interest of \$13,618 are as follows:

Years Ending <u>June 30</u>	
2011	\$ 13,064
2012	13,064
2013	<u>76,698</u>
	<u><u>\$ 102,826</u></u>

Note F - Receivables

Receivables consist of the following at June 30, 2010:

Federal and state cost reimbursements	\$ 57,261
Program service fees	<u>6,973</u>
	<u><u>\$ 64,234</u></u>

Note G - 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 92% of the Organization's funding is from these contracts and grants received from Federal, State and Local government agencies. The remaining funding is generated from United Way agency, service fees and fund raising events.

Note H - 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, 2010 was \$23,218 with related expenses of \$8,398.

Note I - 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.

New Horizons Youth Service Bureau, Inc.
Notes to Financial Statements

Note J - Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, November 29, 2010, and determined that the following events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Beginning in July 2010, New Horizons Youth Service Bureau, Inc. will no longer receive funding for the Crossroads and ADAPT programs. In addition, funding for one of the Pathway programs was reduced by approximately \$70,000. The total reduction in revenues for the fiscal year ending June 30, 2011 is approximately \$280,000.

Note K - Contingencies and Commitments

The Organization is a defendant in one criminal action case. The Organization intends to vigorously defend this action which it considers to be groundless. The ultimate resolution of this matter is not ascertainable at this time. No provision has been made in the financial statements related to this claim. Management believes that any liability or loss will not exceed the amount covered by the insurance.

Note L - Prior Period Adjustments

Certain errors resulting in an overstatement of previously reported receivables were discovered during the current year. Accordingly, an adjustment of \$39,891 was made during 2010 to reduce receivables as of the beginning of the year. A corresponding entry was made to reduce previously reported net assets. The effect of the restatement on net assets is as follows:

Net Assets at June 30, 2009	\$ 122,204
Prior period adjustment to reduce receivables	<u>(39,891)</u>
Net Assets at June 30, 2009, Restated	<u><u>\$ 82,313</u></u>

Supplemental Information

**New Horizons Youth Services Bureau, Inc.
Schedule of Federal Financial Assistance
For the Year Ended June 30, 2010**

<u>Description</u>	<u>CFDA Number</u>	<u>Grant Period From</u>	<u>Grant Period Through</u>	<u>Total Grant Award</u>	<u>Accrued/ (Deferred) Revenue 06/30/09</u>	<u>Assistance Received During the Year</u>	<u>Accrued/ (Deferred) Revenue 06/30/10</u>	<u>Total Revenue Recognized</u>	<u>Total Federal Expenditures</u>
U.S. Department of Health and Human Services Pathways	93.958	N/A	N/A	\$ 295,855	\$ 15,930	\$ 204,738	\$ 31,047	\$ 219,855	\$ 219,855
Florida Parishes Human Services Authority Crossroads	93.958	07/01/09	06/30/10	130,000	14,548	128,337	9,706	123,495	123,495
ADAPT	93.959	07/01/09	06/30/10	74,000	9,000	64,812	6,908	62,720	62,720
				<u>\$ 499,855</u>	<u>\$ 39,478</u>	<u>\$ 397,887</u>	<u>\$ 47,661</u>	<u>\$ 406,070</u>	<u>\$ 406,070</u>

See Auditor's Report.

Other Independent Auditor's Reports

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**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 the New Horizons Youth Service Bureau, Inc. as of and for the year ended June 30, 2010, and have issued my report thereon dated November 29, 2010. 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

In planning and performing my audit, I considered the 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 the New Horizons Youth Service Bureau, Inc.'s internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the New Horizons Youth Service Bureau, Inc.'s internal control over financial reporting.

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.

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. I identified certain deficiencies in internal control over financial reporting, described in the accompanying Schedule of Current Year Findings, Recommendations, and Responses that I consider to be material weaknesses in internal control over financial reporting listed as 2010-1 through 2010-2.

A significant deficiency is a deficiency, or 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.

Phil Hebert, CPA

A PROFESSIONAL ACCOUNTING CORPORATION

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance or other matter that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Current Year Findings, Recommendations, and Responses as items 2010-3.

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

The 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

November 29, 2010

New Horizons Youth Service Bureau, Inc.
Schedule of Current Year Findings, Recommendations, and Responses
As of and for the Year Ended June 30, 2010

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, Yes

Was management letter issued? No

Section II Financial Statement Findings

Internal Control

2010-1 Bureau's Accountant Cannot Draft Financial Statements

Condition: The Organization's accountant cannot prepare the annual financial statement. 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.

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 will review 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.

New Horizons Youth Service Bureau, Inc.
Schedule of Current Year Findings, Recommendations, and Responses
As of and for the Year Ended June 30, 2010

2010-2 Material Prior Period Adjustment

Condition: Receivables were overstated at June 30, 2009 by \$39,891.

Criteria: Receivables from federal and state cost reimbursements and program service fees are recorded at year end.

Cause: At June 30, 2009, some of the receivables were erroneously recorded twice. Other receivables were not recorded at all.

Effect: The net effect was to overstate receivables and revenue by \$39,891.

Recommendation: I recommend the Organization's accountant and management review the financial statements on a monthly basis. Year end accruals for receivables and payables must be traced to supporting documentation.

Management's Response and Corrective Action Plan:

In 2009 the accounting for the Organization was performed by an in-house accountant. Accurate financial statements were not presented to management for review. During 2010 the accounting was outsourced to a local accounting firm. The firm prepares financial statements which are reviewed by management and the board on a monthly basis. The accounting firm works with management to accrue receivables and payables at the end of the year.

Compliance

2010-3 Office of Juvenile Justice Program

The following findings were noted on a quality assurance review on June 28, 2010 by an Office of Juvenile Justice Staff.

Physical Plant

Condition: A vehicle used by the Organization did not contain a fire extinguisher. The car jack and spare tire were not secured to the floor. The vehicle was dirty and did not contain a written prevention and maintenance log.

Criteria: Standard operating procedure 1.4 requires vehicles that are used in the program to contain a fire extinguisher and first aid kit when in use. It also requires the general condition of the vehicle to be adequate.

Cause: The maintenance log maintained by the Organization was not comprehensive enough to be in compliance.

New Horizons Youth Service Bureau, Inc.
Schedule of Current Year Findings, Recommendations, and Responses
As of and for the Year Ended June 30, 2010

Effect: The Organization was not in compliance with standard operating procedure 1.4.

Recommendation: Management has taken appropriate action.

Management's Response and Corrective Action Plan:

Management purchased a fire extinguisher that was tagged and inspected on July 28, 2010. The van was cleaned, the spare tire and car jack were secured to the floor and a maintenance log was placed in the van.

Staff Qualifications

Condition: There were three employees that did not have fingerprints and background clearances.

Criteria: Standard operating procedure 2.5 requires background checks with the state police for new employees.

Cause: Employees were allowed to work under supervision while the Organization awaited the results of background checks.

Effect: The Organization was not in compliance with standard operating procedure 2.5.

Recommendation: Management has taken appropriate action.

Management's Response and Corrective Action Plan:

Management obtained background checks on the employees in question from the Baton Rouge State Police Department. Management will no longer allow employees to work in this program until the Organization has received background checks.

Training

Condition: Some newly hired employees did not receive pre-service training.

Criteria: Standard operating procedure 2.3.1 requires staff and volunteers to receive training in accordance with a written plan.

Cause: Management believes the employees did receive pre-service training, but it was not properly documented in the employees' files.

Effect: The Organization was not in compliance with standard operating procedure 2.3.1.

Recommendation: Management has taken appropriate action.

New Horizons Youth Service Bureau, Inc.
Schedule of Current Year Findings, Recommendations, and Responses
As of and for the Year Ended June 30, 2010

Management's Response and Corrective Action Plan:

All employees who work in this program are required to receive pre-service training. The training must be documented and placed in the employee's folder.

Client Treatment

Condition: Some of the original treatment plans and goals were not signed by family members approving the plan.

Criteria: Standard operating procedure 3.7.2 requires an effort be made to involve family in the treatment program.

Cause: Management believes the goals were discussed with the family members but the employees failed to have the family members sign.

Effect: The Organization was not in compliance with standard operating procedure 3.7.2.

Recommendation: Management has taken appropriate action.

Management's Response and Corrective Action Plan:

Management revised their plan to require supervisors to review and sign the treatment goal forms before the forms are mailed to the probation officers. Supervisors will verify family members have approved the treatment plan by their signature.