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Release Date JAN 16 2007

## **NEW HORIZONS YOUTH SERVICE BUREAU**

Financial Statements, Supplementary Information and Independent Auditor's Report  
Year Ended June 30, 2001

Anthony B. Baglio, C.P.A., A.P.A.C.  
Certified Public Accountants

**NEW HORIZONS YOUTH SERVICE BUREAU**  
As of and for the year ended June 30, 2001

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**INDEPENDENT AUDITOR'S REPORT**

To The Board of Directors  
New Horizons Youth Service Bureau  
Hammond, Louisiana 70401

I have audited the accompanying statement of financial position of New Horizons Youth Service Bureau (a nonprofit organization) as of June 30, 2001, and the related statement of activities, statement of support, revenues and functional expenses by program, 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.

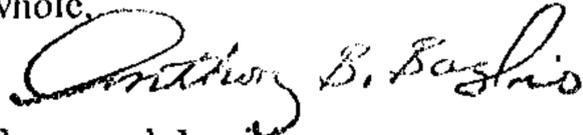
I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform 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 as of June 30, 2001, and the changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, I have also issued my report dated December 14, 2001 on my consideration of New Horizons Youth Service Bureau's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

Independent Auditor's Report

My audit was performed for the purpose of forming an opinion on the basic financial statements of the New Horizons Youth Service Bureau (a non-profit organization) taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations," and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



Hammond, Louisiana  
December 14, 2001

**NEW HORIZONS YOUTH SERVICE BUREAU**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2001**

**ASSETS:**

Current Assets

Cash and cash equivalents	\$ 9,136	
Grants receivable	147,245	

Total Current Assets		156,381
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Property, Plant, and Equipment

Land	25,000	
Buildings	76,084	
Office & other equipment	11,560	
Transportation equipment	3,324	

Total Property, Plant, and Equipment	115,968	
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Less: Accumulated depreciation	(34,525)	

Total Property, Plant, and Equipment		81,443
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Other Assets

Worker's compensation deposit	1,400	

1,400

Total Assets		\$ 239,224
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**LIABILITIES AND NET ASSETS:**

Current Liabilities

Accounts payable	1,802	
Accrued annual leave	30,241	
Accrued payroll and related liabilities	41,843	
Visa payable	1,940	
Line of credit	99,856	

Total Current Liabilities		175,682
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Total Liabilities		175,682
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Net Assets

Temporarily restricted	63,542	

Total Net Assets		63,542
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Total Liabilities and Net Assets		\$ 239,224
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See accompanying notes to financial statement

**NEW HORIZONS YOUTH SERVICE BUREAU**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2001**

**SUPPORT AND REVENUE**

Grants and contracts	\$ 1,759,758
Contributions in-kind	82,971
Fees from services	11,035
Fund raising	14,402
Contributions	9,158
Miscellaneous	666
Interest	1,207

TOTAL SUPPORT AND REVENUE	<u>1,879,197</u>
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**EXPENSES**

Program services:	
Local	46,015
Act/Options	20,457
Runaway & Homeless Youth Act	156,932
Horizon House Shelter	310,783
Tutoring	6,000
Pathways	285,730
Mental Health	110,037
Second Step	40,245
Counseling	33,270
F/Adoptive FRC	207,793
United Way	28,000
Substance Abuse	77,977
Family Resource Center	614,117

TOTAL PROGRAM EXPENSES	<u>1,937,356</u>
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DECREASE IN TEMPORARILY RESTRICTED NET ASSETS	(58,159)
NET ASSETS AT BEGINNING OF YEAR	<u>121,701</u>
NET ASSETS AT END OF YEAR	<u><u>\$ 63,542</u></u>

See accompanying notes to financial statements

NEW HORIZONS YOUTH SERVICE BUREAU  
Statement of Support, Revenues, and Functional Expenses By Programs  
Year Ended June 30, 2001

SUPPORT & REVENUES	Local	Runaway & Homeless	Horizon House	Tutoring	Pathways	Mental Health Crossroads	Second Step	Counseling Center	Positive Steps Foster/Adoptive	United Way	ADAPT	Positive Steps Child Welfare	ACT Options	Totals
LA Department of Health and Hospitals - Office of Addictive Disorders	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 69,000	\$ -	\$ -	\$ 69,000
US Department of Health and Human Services	-	136,745	-	-	-	-	-	-	-	-	-	-	-	136,745
Tangipahoa Parish School Board	-	-	-	6,000	-	-	-	-	-	-	-	-	-	6,000
LA Department of Public Safety and Corrections	-	-	306,450	-	146,132	-	-	-	-	-	-	-	-	452,582
LA Department of Social Services-Office of Community Service TIPS	-	-	-	-	42,772	-	-	18,296	-	-	-	-	-	61,068
LA Department of Social Services-Office of Community Service	-	-	-	-	103,156	-	39,326	-	165,197	-	-	561,191	-	868,870
Tangipahoa United Way	-	-	-	-	-	-	-	-	-	28,000	-	-	-	28,000
LA Department of Health and Hospitals-Office of Mental Health	-	-	-	-	-	108,875	-	-	-	-	-	-	20,227	129,102
National School Lunch Program	-	4,143	4,143	-	-	-	-	-	-	-	-	-	-	8,286
In-Kind Contributions Received	-	-	-	-	-	-	-	-	30,517	-	-	52,454	-	82,971
Fees for Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fund Raising	14,402	-	-	-	-	-	-	11,035	-	-	105	-	-	11,140
Contributions	9,158	-	-	-	-	-	-	-	-	-	-	-	-	14,402
Miscellaneous	666	-	-	-	-	-	-	-	-	-	-	-	-	9,158
Interest Income	1,207	-	-	-	-	-	-	-	-	-	-	-	-	666
Total Support & Revenue	\$ 25,433	\$ 140,888	\$ 310,593	\$ 6,000	\$ 292,060	\$ 108,875	\$ 39,326	\$ 29,331	\$ 195,714	\$ 28,000	\$ 69,105	\$ 613,645	\$ 20,227	\$ 1,879,197

NEW HORIZONS YOUTH SERVICE BUREAU  
Statement of Support, Revenues, and Functional Expenses By Programs  
Year Ended June 30, 2001

EXPENSES	Local	Runaway & Homeless	Horizon House	Tutoring	Pathways	Mental Health Crossroads	Second Step	Counseling Center	F/Adoptive FRC	United Way	ADAPT	Positive Steps Child Welfare	ACT/Options	Totals
Accounting	\$ 142	\$ 2,743	\$ 5,533	\$ -	\$ 4,609	\$ 1,914	\$ 721	\$ 501	\$ 1,170	\$ -	\$ 1,211	\$ 6,527	\$ 97	\$ 25,026
Administrative Service	130	914	2,436	-	592	413	122	102	120	-	1,145	808	102	2,337
Auto	687	-	-	-	-	-	-	-	1,194	-	228	3,536	-	9,667
Bank Charges	701	1,045	2,075	-	84	-	906	10	1,903	-	-	7,077	-	687
Client Needs	(100)	272	597	-	593	330	32	425	611	-	489	6,401	-	13,801
Conference	3,126	-	-	-	-	-	-	-	-	-	-	-	272	9,922
Depreciation	-	80	242	-	54	22	8	12	17	-	608	108	-	3,126
Dues, Subs., & License	1,362	504	1,111	-	151	65	103	668	821	-	389	6,423	-	11,151
Equip. Maintenance	-	-	-	-	-	-	-	-	1,489	-	-	6,150	-	11,598
Equip. Acquisitions	1,228	5,217	5,772	-	-	-	-	-	40	-	-	687	-	7,639
Food	-	-	-	-	-	-	-	-	30,517	-	-	52,454	-	12,944
In-Kind Contr. Used	(220)	14,662	43,710	-	18,546	10,754	4,755	2,397	8,079	(54)	7,631	39,908	-	82,971
Insurance	3,537	-	3,482	-	2,896	1,225	-	-	2,596	-	-	-	-	150,519
Interest	480	1,335	2,511	-	1,093	2,795	734	645	-	-	5,890	-	-	11,140
Office Supplies	10,948	-	-	-	-	-	-	-	-	-	-	14,074	4,454	36,607
Miscellaneous	-	8,669	16,352	469	14,826	5,746	1,963	1,644	10,401	2,073	3,957	26,527	1,040	10,948
Payroll Taxes	95	-	-	-	15,859	-	-	9,143	543	-	-	2,537	-	93,667
Professional Services	104	78	231	-	49	34	11	8	684	-	19	2,811	-	28,177
Rent-Copier	-	-	-	-	-	-	-	-	-	-	-	-	-	4,029
Rent	14,197	1,052	2,361	-	656	281	111	82	6,309	-	-	29,905	-	36,214
Supplies	256	3,263	7,758	-	5,228	3,559	987	606	1,385	-	599	2,758	621	24,103
Telephone	128	354	1,153	-	32,198	8,973	4,174	677	5,961	-	1,816	21,743	212	51,389
Transportation	2,521	5,171	10,439	-	2,069	1,153	462	622	10,620	-	3,280	37,808	1,009	100,374
Utilities	5,691	111,573	205,000	5,531	186,227	72,773	25,156	15,729	622	-	1,706	5,666	22	30,453
Wages	\$ 46,013	\$ 156,932	\$ 310,783	\$ 6,000	\$ 285,730	\$ 110,037	\$ 40,245	\$ 33,271	\$ 207,793	\$ 25,981	\$ 49,010	\$ 340,209	\$ 12,276	\$ 1,178,867
Total Expenses														
Excess(deficiency)of support and revenues over expenses	\$ (20,580)	\$ (16,044)	\$ (190)	\$ -	\$ 6,330	\$ (1,162)	\$ (919)	\$ (3,940)	\$ (12,079)	\$ -	\$ (8,873)	\$ (472)	\$ (230)	\$ (58,159)

\*Grant period does not match fiscal year

NEW HORIZONS YOUTH SERVICE BUREAU  
STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2001

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Decrease in net assets	\$ (58,159)
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	3,126
(Increase) decrease in operating assets:	
Accounts receivable	24,951
Increase (decrease) in operating liabilities:	
Accounts payable	(11,258)
Accrued vacation	5,731
Other accrued expenses	17,097
	17,097
Net cash used by operating activities	\$ (18,512)

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Payment for property and equipment	0
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**CASH FLOWS FROM FINANCING ACTIVITIES:**

Proceeds from short-term debt	90,000
Repayment of short-term debt	(90,144)
Net cash used by financing activities	(144)
Net increase in cash and cash equivalent	(18,656)
Cash and cash equivalent - Beginning of year	27,792
Cash and cash equivalent - End of year	\$ 9,136

**SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:**

Cash paid during the year for:	
Interest	\$ 11,140

See accompanying notes to financial statements

## NEW HORIZONS YOUTH SERVICE BUREAU

Notes to Financial Statements

Year Ended June 30, 2001

### 1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The New Horizons Youth Service Bureau is a nonprofit organization which is governed by a board of directors. The Organization was formed in August 1976 as the Tangipahoa Youth Service Bureau 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 fund raising activities, and donations from civic clubs, churches, and individuals. Consequently, the Organization's ability to earn revenue is affected by state and federal governmental policies.

#### A. BASIS OF PRESENTATION

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: *unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets*.

#### B. DONATED SERVICES AND MATERIALS

The Organization receives donated consulting services from various unpaid volunteers assisting the organization in the Positive Steps Program. The Organization has estimated the value of these services to be \$4,420. The Organization has also received donated materials and supplies that were used in the Positive Steps Programs. The Organization estimates the value of the materials and supplies to be \$78,551. The donated amounts are reflected as income and expense on the statement of activities.

#### C. BASIS OF ACCOUNTING

The accompanying financial statements of New Horizons Youth Service Bureau are being presented on the accrual basis of accounting as follows:

##### Revenues

New Horizons Youth Service Bureau receives a substantial portion of its revenues from grants. Revenues from grants are reported in the period in which the revenues are earned. All other revenues are recorded when received.

##### Expenditures

Expenditures are recorded in the period they are incurred.

**NEW HORIZONS YOUTH SERVICE BUREAU**  
Notes to Financial Statements (Continued)  
Year Ended June 30, 2001

**D. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents includes demand deposits and interest bearing demand deposits. Cash and cash equivalents are stated at cost, which approximates market, and are insured through the Federal Deposit Insurance Corp. (FDIC).

**E. PROPERTY, PLANT AND EQUIPMENT**

Property and equipment are carried at cost. Donations of property and equipment are recorded as support at their estimated fair market value. Property and equipment are depreciated using the straight line method at rates based on the following estimated useful lives:

Buildings	31 ½	years
Computers	5	years
Vehicle	5	years
Equipment	7	years

Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. Upon retirement or disposal of an asset, the cost of the asset and the related resulting gain or loss is included in the statement of income. Depreciation expense for the year ending June 30, 2001 is \$3,126.

Equipment purchases which are considered to be owned by the grantor agency are recorded on the books as an acquisition expense. Equipment purchases during the fiscal year ending June 30, 2001 recorded as acquisition expense totaled \$7,639. Since June 30, 1992, the Organization has used approximately \$125,271 of equipment which is considered owned by the grantor agencies.

**F. FUNCTIONAL ALLOCATION OF EXPENSES**

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**G. 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.

**H. INCOME TAXES**

New Horizons Youth Service Bureau is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is classified as a public charity. Therefore, no provision for income taxes is made in the accompanying financial statements.

**NEW HORIZONS YOUTH SERVICE BUREAU**  
Notes to Financial Statements (Continued)  
Year Ended June 30, 2001

I. VACATION AND SICK LEAVE

Full time employees earn vacation days on the following scale:

Year	Per Year	Per Month	Hrs Per Month
1 <sup>st</sup> year	10 days	.84	6.72 hrs
2 <sup>nd</sup> year	12 days	1.00	8.00 hrs
3 <sup>rd</sup> year	15 days	1.25	10.00 hrs
4 <sup>th</sup> year	16 days	1.34	10.72 hrs
5 <sup>th</sup> year	17 days	1.42	11.36 hrs
6 <sup>th</sup> year	18 days	1.50	12.00 hrs
7 <sup>th</sup> year	19 days	1.59	12.90 hrs
8 <sup>th</sup> year	20 days	1.67	13.36 hrs

No more than 10 days of accrued vacation may be carried over to the following year; exceptions must be expressed by written approval from the Executive Director. Any unused accrued annual leave is paid on an employee's termination.

All full time employees earn 1 day of sick leave per month. No more than 15 days can be accrued at one time. If no sick days are used for four months, the fourth month sick day earned can be converted into a well day. A well day is to be used as a personal leave day. This well day must be used within the month earned and cannot be accrued as a well day. If the well day is not taken, it can be accrued as a sick day. Any unused sick leave is forfeited upon termination. Therefore, no accruals for sick leave are reflected in these financial statements.

All full time employees will be given up to 2 days of paid funeral leave, if the scheduling of the wake and/or funeral makes it necessary for them to be absent from work. This is applicable only for the loss of a member of the immediate family (spouse, children, parents, grandparents, brothers and sisters). Other special circumstances can be arranged at the discretion of the Executive Director.

NEW HORIZONS YOUTH SERVICE BUREAU  
Notes to Financial Statements (Continued)  
Year Ended June 30, 2001

**J. SUMMARY OF GRANTS/CONTRACTS/FEES FUNDING**

New Horizons Youth Service Bureau was primarily funded through the following grants, fees and contracts for the year ended June 30, 2001

Funding Source	Grant Cont. Number	Contract Period	Grants/Contracts	Recognized Grants/Contracts	Recognized Fees	Total Support And Revenues	Program
US Department of Agriculture	10.555			4,142		4,142	Horizon House
US Department of Agriculture	10.555			4,143		4,143	Runaway & Homeless Youth Act
** US Department of Health and Human Services	06CY0749/01	9/30/99-9/29/02	450,000	136,745		136,745	Runaway & Homeless Youth Act
Tangipahoa School Board		07/01/00-06/30/01	6,000	6,000		6,000	Tutoring
** LA Department of Public Safety & Corrections	535768	07/01/98-06/30/03	1,498,450	306,450		306,450	Horizon House
** LA Department of Public Safety & Corrections	403-513859	01/01/97-12/31/01	750,000	146,132		146,132	Pathways (OYD)
LA Department of Social Services-Office of Community Services (TIPS)					42,772	42,772	Pathways TIPS
** LA Department of Social Services-Office of Community Services	541387	11/30/98-09/30/01	1,200,000	561,191		561,191	Positive Steps Child Welfare
** LA Department of Social Services-Office of Community Services	541387	12/03/99-09/30/01	314,650	165,197		165,197	Positive Steps Foster Adoptive
** LA Department of Social Services-Office of Community Services	543223	07/01/99-06/30/02	313,200	103,156		103,156	Pathways (OCS)
LA Department of Health and Hospitals-Office of Mental Health	556940	07/01/00-06/30/01	112,750	108,875		108,875	Mental Health (Crossroads)
** Subcontract with Options-Mental Health	556940	04/01/01-09/30/01	41,000	20,227		20,227	ACT/Options
** Louisiana Department of Social Services-Office of Community Service	543220	07/01/99-06/30/02	120,000	39,326		39,326	Second Step
LA Department of Social Service-Office of Community Services (TIPS)		07/01/00-06/30/01			18,297	18,297	Counseling TIPS
Tangipahoa United Way		07/01/00-06/30/01	28,000	28,000		28,000	United Way
LA Department of Health and Hospitals - Office of Addictive Disorders	556477	07/01/00-06/30/01	69,000	69,000	105	69,105	ADAPT
<b>Total Grants/Contracts &amp; Fees</b>			<b>\$ 4,903,050</b>	<b>\$ 1,698,584</b>	<b>\$ 61,174</b>	<b>\$ 1,759,758</b>	

\*\* Grant on different fiscal year or on multiple years

**NEW HORIZONS YOUTH SERVICE BUREAU**  
Notes to Financial Statements (Continued)  
Year Ended June 30, 2001

**K. RETIREMENT SYSTEM**

Employees of New Horizons Youth Service Bureau participate in the Social Security System. New Horizons Youth Service Bureau provides the matching portion of the Social Security contributions. New Horizons Youth Service Bureau has no liability for any pension benefits.

**2. CASH & CASH EQUIVALENTS**

At June 30, 2001, New Horizons Youth Service Bureau had cash & cash equivalents totaling \$9,136, as follows:

Operation account	\$ 8,965.
Special account	171.
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Total	\$ 9,136.
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For purposes of the statements of cash flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

**3. LINE OF CREDIT**

New Horizons Youth Service Bureau has a line of credit with First Guaranty Bank for \$100,000 dated June 12, 2000 and bearing interest at 11.50% which matures June 10, 2001. This interest rate is adjusted by the bank monthly based on the cost of money. This loan is payable on demand, or if no demand is made, in one payment on all outstanding principal plus all accrued unpaid interest at June 10, 2001. In addition interest is payable monthly. The line of credit is collateralized by the land, buildings, accounts receivable and contract rights. At June 30, 2001 the balance on the line of credit was \$99,856. The unused line of credit was \$144.

On July 16, 2001, the loan was renewed at a rate of 8.75% for one year with the same terms as the previous year.

The interest expense for the year ended June 30, 2001 was \$11,140.

**NEW HORIZONS YOUTH SERVICE BUREAU**  
Notes to Financial Statements (Continued)  
Year Ended June 30, 2001

4. GRANTS AND OTHER RECEIVABLES

As of June 30, 2001, the Bureau had incurred program expenses which were reimbursable through grant funds. The programs and amounts of these funds were as follows:

PROGRAM	AMOUNT
Pathways	23,868.
Mental Health	11,234.
Horizon House	23,517.
Second Step	9,018.
Substance Abuse	3,406.
Positive Steps-CW/FRC	40,484.
Act/Options	7,442.
Bureau of Food & Nutrition	1,446.
Positive Steps-FA/FRC	24,995.
Counseling Center	1,835.
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	147,245.

5. COMMITMENTS

The New Horizons Youth Service Bureau has the following leases. The first lease dated May 22, 2000 is for a commercial building located in Franklinton, Louisiana, for a term of one year at a monthly rental of \$700. The lease was renegotiated for a smaller space at June 30, 2001 for a term of eight months for \$350 per month. The second lease dated July 1, 1999-June 30, 2001 is for a commercial building located in Hammond, Louisiana, for a monthly rental of \$800 with an option to renew for 5 years at the same rent. On March 1, 2000 and ending June 30, 2001 additional space was leased at the Hammond location for \$500 per month with the option to renew for 5 years at the same rent. This lease was not renewed. On July 1, 2001 an additional lease was obtained for office space in Hammond, Louisiana for a term of nine months for \$1100 per month. On June 13, 2000 the Agency entered into a lease of a vehicle for a period of 15 months. The monthly rental is \$942. The Agency made a \$1,500 downpayment on the vehicle. This lease was extended until November 20, 2001. Rent expense for the year ended June 30, 2001 was \$36,214.

Minimum rental on an annual basis, is as follows:

Fiscal year ending June 30, 2002	\$ 14,353.
Fiscal year ending June 30, 2003	\$ 6,669.

**NEW HORIZONS YOUTH SERVICE BUREAU**  
Notes to Financial Statements (Continued)  
Year Ended June 30, 2001

6. ALLOWANCE FOR BAD DEBTS

An allowance for bad debts has not been established since management feels that all receivables are collectible.

7. COMPLIANCE WITH LAWS

The Agency included certain in-kind contributions for salaries, mileage, rents and fees as match to the Family Preservation and Support Services Program that were determined to be questioned items for match.

8. SUBSEQUENT EVENT

The Agency continued using the same types of matching that is reflected in the schedule of findings and questioned costs from July 1, 2001 through the remainder of the grant period for the Family Preservation and Support Services Program. They also used coupons as match for this program. These coupons could be considered a questioned item for match purposes.

**SUPPLEMENTARY INFORMATION**

**NEW HORIZONS YOUTH SERVICE BUREAU  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2001**

Federal Grantor Pass-through Grantor <u>Program Title</u>	<u>Federal CFDA Number</u>		<u>Program or Award Amount</u>	<u>Federal Disbursements/ Expenditures</u>
<b>U.S. Department of Agriculture (USDA)</b>				
National School Lunch Program (passed through LA Department of Education)	10.555		\$ 8,285	\$ 8,285
Subtotal - U.S. Department of Agriculture			<u>\$ 8,285</u>	<u>\$ 8,285</u>
<b>U.S. Department of Health and Human Services (HHS)</b>				
Runaway and Homeless Youth (passed through from Louisiana Department of Social Services)	93.623	(1)	450,000	156,932
Child Welfare Services (TIPS)	93.645		54,673	54,673
	93.658		570	570
	93.667		5,826	5,826
Social Services Block Grant (Pathways)	93.667		104,400	104,400
Social Services Block Grant (Second Step)	93.667		40,000	39,326
Family Preservation and Support Services (Positive Steps-CW/FRC)	93.556	(1)	1,200,000	561,663
Family Preservation and Support Services (Positive Steps-FA/FRC)	93.556	(2)	314,650	177,276
Passed through from Louisiana Department of Health and Hospitals:				
SAMHSA-Federal Block Grant to State (ADAPT)	93.959		69,000	69,000
Subcontract with Options-Mental Health	93.958	(3)	41,000	20,457
Block Grant for Community Mental Health Services (Crossroads)	93.958		<u>112,750</u>	<u>108,875</u>
Subtotal - U.S. Department of Health and Human Services			<u>\$ 2,392,869</u>	<u>\$ 1,298,998</u>
<b>TOTAL</b>			<u><u>\$ 2,401,154</u></u>	<u><u>\$ 1,307,283</u></u>

(1) Denotes a three-year award.

(2) Denotes a two-year award.

(3) Award year is April 1, 2001 - September 30, 2001.

See accountant's report

**Compliance and Internal Control Reports According  
To *Governmental Auditing Standards***

**Compliance and Internal Control Reports  
According to OMB Circular A-133**

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

To the Board of Directors  
New Horizons Youth Service Bureau  
Hammond, Louisiana 70401

I have audited the financial statements of New Horizons Youth Service Bureau (a nonprofit organization) as of and for the year ended June 30, 2001, and have issued my report thereon dated December 14, 2001. 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.

Compliance

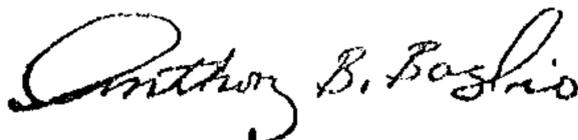
As part of obtaining reasonable assurance about whether New Horizons Youth Service Bureau's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2001-04.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered New Horizons Youth Service Bureau's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, I noted certain matters involving the internal control over financial reporting and its operation that I consider to be reportable conditions. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgment, could adversely affect New Horizons Youth Service Bureau's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 2001-01, 2001-02, and 2001-03.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, I consider item 2001-03 to be a material weakness.

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



Hammond, Louisiana  
December 14, 2001

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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH  
OMB CIRCULAR A-133**

To the Board of Directors  
New Horizons Youth Service Bureau  
Hammond, Louisiana 70401

Compliance

I have audited the compliance of New Horizons Youth Service Bureau ( a nonprofit organization) with the types of compliance requirements described in the "U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement" that are applicable to each of its major federal programs for the year ended June 30, 2001. New Horizons Youth Service Bureau's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of New Horizons Youth Service Bureau's management. My responsibility is to express an opinion on New Horizons Youth Service Bureau's compliance based on my audit.

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about New Horizons Youth Service Bureau's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination of New Horizons Youth Service Bureau's compliance with those requirements.

As described in item 2001-04 in the accompanying schedule of findings and questioned costs, New Horizons Youth Service Bureau did not comply with requirements regarding matching that are applicable to its Family Preservation and Support Services/Positive Steps-CW/FRC and Family Preservation and Support Services/Positive Steps-FA/FRC. Compliance with such requirements is necessary, in my opinion, for New Horizons Youth Service Bureau to comply with requirements applicable to that program.

In my opinion, except for the noncompliance described in the preceding paragraph, New Horizons Youth Service Bureau complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2001.

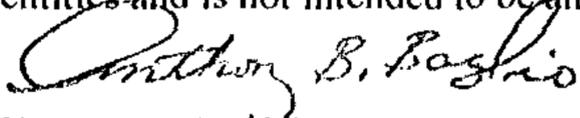
Internal Control Over Compliance

The management of New Horizons Youth Service Bureau is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing my audit, I considered New Horizon Youth Service Bureau's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

I noted certain matters involving the internal control over compliance and its operation that I consider to be reportable conditions. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in my judgment, could adversely affect New Horizons Youth Service Bureau's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 2001-01, 2001-02, and 2001-03.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. My consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, I consider item 2001-03 to be a material weakness.

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



Hammond, Louisiana  
December 14, 2001

**NEW HORIZONS YOUTH SERVICE BUREAU**  
Hammond, Louisiana

**Summary Schedule of Prior Audit Findings**  
For The Year Ended June 30, 2001

<u>Ref No.</u>	<u>Fiscal Year Finding Initially Occurred</u>	<u>Description of Finding</u>	<u>Corrective Action Taken</u>	<u>Planned Corrective Action/Partial Corrective Action Taken</u>
Section I- <u>Compliance</u> and <u>Internal Control</u> Material to the Financial Statements				
2000-01	Jun-00	Louisiana Department of Public Safety and Corrections-Horizon House  A check for an insurance payment was returned and replaced with a partial payment. The original check was not voided causing the expense to be overstated in the program.	Yes	N/A
2000-02	Jun-00	SAMHSA-Federal Block Grant to State (ADAPT) A check for an insurance payment was returned and replaced with a partial payment. The original check was not voided causing the expense to be overstated in the program.	Yes	N/A

**NEW HORIZONS YOUTH SERVICE BUREAU**

Schedule of Findings and Questioned Costs

Year Ended June 30, 2001

**Section 1-Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued:	<u>Unqualified</u>	
Internal control over financial reporting:		
Material weakness (es) identified?	<u>  X  </u> yes	<u>      </u> no
Reportable condition (s) identified?		
not considered to be material weaknesses?	<u>  X  </u> yes	<u>      </u> none reported
Noncompliance material to financial statements noted?	<u>  X  </u> yes	<u>      </u> no

**Federal Awards**

Internal control over major programs:		
Material weakness (es) identified?	<u>  X  </u> yes	<u>      </u> no
Reportable condition (s) identified?		
not considered to be material weaknesses?	<u>  X  </u> yes	<u>      </u> none reported

Type of auditor's report issued on compliance for major programs:	<u>Qualified</u>
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Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510 (a)?	<u>  X  </u> yes	<u>      </u> no
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Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
93.556	Family Preservation and Support Services

Dollar threshold used to distinguish between Type A and Type B programs:	<u>  \$300,000  </u>	
Auditee qualified as low-risk audit?	<u>  X  </u> yes	<u>      </u> no

**NEW HORIZONS YOUTH SERVICE BUREAU**

Schedule of Findings and Questioned Costs

Year Ended June 30, 2001

**Section II-Internal Control & Compliance**  
**Governmental Auditing Standards**  
**OMB Circular A-133**

**Internal Control**

<u>Item Number</u>	<u>Agency/Program</u>	<u>Questioned Costs</u>
2001-01	Agency	
	<u>Condition/Cause</u>	
	The Agency requires two signatures on checks exceeding \$1000. In reviewing the cancelled checks for 5 months, it was noted that seven checks over \$1000 did not have two signatures. It was also noted that eight checks cleared the bank without any signature.	\$ -
	<u>Management Response</u>	
	Management notified personnel and bank. Will make every effort to avoid this reoccurring.	
<u>Item Number</u>	<u>Agency/Program</u>	<u>Questioned Costs</u>
2001-02	US Department of Health and Human Services	
	Family Preservation and Support Services/Positive Steps-CW/FRC	\$ -
	Family Preservation and Support Services/Positive Steps-FA/FRC	\$ -
	<u>Condition/Cause</u>	
	The Agency maintains records for donated materials and supplies when received. The Agency uses these items for match on the federal programs. They do not have detailed records to indicate that the materials and supplies were used during the grant period for match.	
	Management was not aware that the materials and supplies had to be used during the grant period. They believed that as long as they were received they would count as match whether they were used or not during the grant period.	
	<u>Management Response</u>	
	In the future we will keep detailed records of the supplies given to clients for match.	

**NEW HORIZONS YOUTH SERVICE BUREAU**  
 Schedule of Findings and Questioned Costs  
 Year Ended June 30, 2001

**Section II-Internal Control & Compliance**  
**Governmental Auditing Standards**  
**OMB Circular A-133**

**Internal Control (continued)**

<u>Item Number</u>	<u>Agency/Program</u>	<u>Questioned Costs</u>
2001-03	US Department of Health and Human Services	
	Family Preservation and Support Services/Positive Steps-CW/FRC	\$ -
	Family Preservation and Support Services/Positive Steps-FA/FRC	\$ -
	<u>Condition/Cause</u>	
	The Agency included certain in-kind contributions for salaries, mileage, rents and fees as match to the federal programs. Based on information obtained from state and federal grantor agency, those items do not qualify as match for those federal programs.	
	The Agency was using guidelines from another non-profit organization in determining the match, because they were not able to obtain detailed guidelines on what constituted acceptable match. The guidelines that were used allowed questionable items to be used as match for the federal programs.	
	<u>Management Response</u>	
	In the future, controls will be established to insure that matching requirements of the federal grants are met.	

**NEW HORIZONS YOUTH SERVICE BUREAU**

Schedule of Findings and Questioned Costs

Year Ended June 30, 2001

**Section II-Internal Control & Compliance**

**Governmental Auditing Standards**

**OMB Circular A-133**

**Compliance**

<u>Item Number</u>	<u>Agency/Program</u>	<u>Questioned Costs</u>
2001-04	US Department of Health and Human Services	
	Family Preservation and Support Services/ Positive Steps-CW/FRC	\$ 63,867
	Family Preservation and Support Services/Positive Steps-FA/FRC	\$ 11,432

Condition/Cause

The Agency included certain in-kind contributions for salaries, mileage, rents and fees as match to the federal programs. Based on information obtained from state and federal grantor agency, those items do not qualify as match for those federal programs.

The Agency was using guidelines from another non-profit organization in determining the match, because they were not able to obtain detailed guidelines on what constituted acceptable match. The guidelines that were used allowed questionable items to be used as match for the federal programs.

Management Response

We will meet with state officials to address the match issues.