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**YOUTH DEVELOPMENT ASSOCIATION, INC.**

**FINANCIAL AND COMPLIANCE AUDIT  
TOGETHER WITH  
INDEPENDENT AUDITORS' REPORT  
FOR THE YEAR ENDED JUNE 30, 1997**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the auditor, or his/her duly designated representative public body. This 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.

**Bruno  
& Tervalon**

CHARTERED PUBLIC ACCOUNTANTS

Release Date MAR 11 1998

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**INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
Youth Development Association, Inc.  
New Orleans, Louisiana 70119

We have audited the accompanying statement of financial position of Youth Development Association, Inc. (YDA) as of June 30, 1997, and the related statements of activities, cashflows and functional expenses for the year then ended. These financial statements are the responsibility of YDA's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards issued by the Controller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the accounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of YDA, as of June 30, 1997 and the changes in its net assets, cashflows and functional expenses for the year then ended, in conformity with generally accepted accounting principles.

**INDEPENDENT AUDITORS' REPORT ON THE BASIC  
FINANCIAL STATEMENTS**  

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**(CONTINUED)**

To the Board of Directors  
Youth Development Association, Inc.  
New Orleans, Louisiana 70119

In accordance with Government Auditing Standards, we have also issued reports dated February 9, 1998, on our consideration of YDA's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.



**BRUNO & TERVALON**  
CERTIFIED PUBLIC ACCOUNTANTS

February 9, 1998

**YOUTH DEVELOPMENT ASSOCIATION, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 1987**

---

**ASSETS**

Cash and temporary cash equivalents (NOTE 3)	\$17,110
Accounts receivable	5,855
Grant receivable	<u>8,362</u>
Total assets	<u>\$31,327</u>

**LIABILITIES AND NET ASSETS**

<b><u>Liabilities</u></b>	
Taxes payable	\$ 2,808
Accounts and other payables	<u>18,882</u>
Total liabilities	19,690
Unrestricted net assets	<u>18,362</u>
Total liabilities and net assets	<u>\$38,052</u>

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

**YOUTH DEVELOPMENT ASSOCIATION, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 1997**

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**UNRESTRICTED NET ASSETS**

**Program Restrictions Satisfied:**

**Support and other income:**

Grant-Office of Urban Affairs	\$100,000
Grant-Department of Public Safety and Corrections	<u>182,853</u>
<b>Total support</b>	<b>282,853</b>

**Other Income:**

Interest income	<u>    493</u>
<b>Total other income</b>	<b>    493</b>
<b>Total support and other income</b>	<b>283,346</b>

**Expenses:**

Program services	277,427
Management and general	<u>  9,328</u>
<b>Total expenses</b>	<b>286,755</b>

Change in unrestricted net assets	5,591
Net unrestricted assets, beginning of year	<u>  4,826</u>
Net unrestricted assets, end of year	<b>\$  10,417</b>

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

**YOUTH DEVELOPMENT ASSOCIATION, INC.**  
**STATEMENT OF CASHFLOW**  
**FOR THE YEAR ENDED JUNE 30, 1997**

---

Cashflows from operating activities:	
Change in net unrestricted assets	\$ 5,551
Decrease in grants receivable	3,779
Decrease in taxes payable	(1,844)
Increase in accounts and other payables	9,403
Increase in accounts receivable	<u>(9,896)</u>
Net cash from operating activities	10,134
Cash and temporary cash equivalents, beginning of year	<u>6,876</u>
Cash and temporary cash equivalents, end of year	<u>\$ 17,110</u>
Interest expense paid	\$ <u>0</u>
Income taxes paid	\$ <u>0</u>

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



**YOUTH DEVELOPMENT ASSOCIATION, INC.**

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 1997

	PROGRAM EXPENSES	MANAGEMENT AND GENERAL	TOTAL
Salaries	\$227,816	\$8,834	\$236,650
Employee benefits	18,881	1,874	20,755
Occupancy	18,888	-0-	18,888
Transportation	2,507	-0-	2,507
Insurance expense	948	-0-	948
Supplies	4,807	-0-	4,807
Audit cost	3,500	-0-	3,500
Other	<u>948</u>	<u>-0-</u>	<u>948</u>
 Total program services	 <u>\$277,437</u>	 <u>\$8,834</u>	 <u>\$286,271</u>

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

**YOUTH DEVELOPMENT ASSOCIATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 1 - Background and General Data:**

The Youth Development Association, Inc., (YDA) was established on October 1, 1976. YDA is a private, non-profit corporation established to provide cultural, social, recreational and educational programs for youth of the seventh ward and Tremé areas of the City of New Orleans.

As of June 30, 1997, YDA administered program activities funded by the Louisiana Department of Public Safety and Corrections and the Governor's Office of Urban Affairs and Development.

Under the Department of Public Safety Correction grant, YDA provides delinquency prevention services to juveniles considered at high risk of involvement in the juvenile justice system.

Services are primarily directed toward the enhancement of their educational competency and providing for positive social experiences.

The Urban Affairs and Development grant serves to provide a setting for youths to use their leisure time for productive and meaningful activities.

**NOTE 2 - Summary of Significant Accounting Policies:**

**Principles of Accounting**

The financial statements of YDA are prepared in accordance with generally accepted accounting principles, and are prepared on the accrual basis.

**Cash and Temporary Cash Equivalents**

For purposes of the statement of cashflows, YDA considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

YOUTH DEVELOPMENT ASSOCIATION, INC.  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

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NOTE 2 - Summary of Significant Accounting Policies, Continued:

Funding

YDA receives its funding through support from the State of Louisiana.

Property and Equipment

YDA follows the practice of capitalizing all property and equipment expenditures over \$500. Depreciation is computed under the straight-line method for all depreciable assets over their respective estimated useful lives. At June 30, 1997 all depreciable property and equipment are fully depreciated.

Functional Allocation of Expenses

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

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

Contributed Services

Contribution of services is recognized if the services received create or enhance nonfinancial assets or require specialized skills, and would typically need to be purchased if not provided by donation. Contributed services for the year ended June 30, 1997 was \$-0-.

YOUTH DEVELOPMENT ASSOCIATION, INC.  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

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NOTE 2 - Summary of Significant Accounting Policies, Continued:

Basis of Presentation

For the year ended June 30, 1997, YDA adopted Financial Accounting Standards Board Statement of Accounting Standards (FASB) No. 117 for presentation of its financial statements. As such, the financial statements are presented on the basis of unrestricted net assets.

NOTE 3 - Income Taxes:

YDA is a not-for-profit entity exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

NOTE 4 - Fair Value of Financial Instruments:

The carrying amounts of cash, accounts and grant receivables, and payables approximate their fair value because of the short maturities of these items.

NOTE 5 - Cash and Temporary Cash Equivalents:

YDA has invested \$8,854 in a short-term investment account. This investment is valued at cost which approximates market at June 30, 1997.

NOTE 6 - Risk Management:

YDA is exposed to various risks of loss related to theft; theft of, damage to and destruction of assets, for which YDA carries commercial insurance.

NOTE 7 - Subsequent Events:

Subsequent to year-end, YDA has executed contracts with its funding sources for grants totaling \$300,000.

**SUPPLEMENTARY INFORMATION—EXHIBITS**

**& Tervalon**

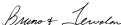
BRUNO & TERVALON, INC.  
SUITE 303 PIERCE ST., 3RD FLOOR  
NEW ORLEANS, LOUISIANA 70119

**INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION**

To the Board of Directors  
Youth Development Association, Inc.,  
New Orleans, Louisiana 70119

Our report on our audit of the basic financial statements of Youth Development Association, Inc. (YDA) appears on page 1.

That audit was conducted for the purpose of forming an opinion on the financial statements of YDA. The accompanying exhibits are presented for purposes of additional analysis and are 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 our opinion, the combining statements of financial position, activities and functional expenses are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



**BRUNO & TERVALON**  
CERTIFIED PUBLIC ACCOUNTANTS

February 9, 1998

EXHIBIT I

YOUTH DEVELOPMENT ASSOCIATION, INC.  
COMBINED STATEMENT OF FINANCIAL POSITION  
JUNE 30, 1997

	STATE OF LOUISIANA	
	GOVERNOR'S OFFICE OF DEATH AFFAIRS	LEGISLATURE DEPARTMENT OF PUBLIC SAFETY AND CORRECTIONS
<b>ASSETS</b>		
Cash and temporary cash investments (NOTE 5)	\$ 9,884	\$ 9,886
Due from other programs	4,137	1,102
Accounts receivable	3,183	3,853
Grant receivable	---	5,860
Total assets	\$14,204	\$21,111
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Taxes payable	\$ 874	\$ 3,864
Due to other programs	1,303	4,137
Accounts and other payables	3,200	18,028
Total liabilities	3,508	26,171
Unrestricted net assets	10,282	---
Total liabilities and net assets	\$14,204	\$26,171

See Independent Auditors' Report on Supplementary Information.

**EXHIBIT II**

**YOUTH DEVELOPMENT ASSOCIATION, INC.  
CONSOLIDATED STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 1987**

	-----STATE OF LOUISIANA-----		
	GOVERNOR'S OFFICE OF URBAN AFFAIRS	LOUISIANA DEPARTMENT OF PUBLIC SAFETY AND CORRECTIONS	TOTAL REVENUES ONLY
<b>UNRESTRICTED NET ASSETS</b>			
Program Revenues (Self-fund):			
Grant-Office of Urban Affairs	\$100,000	\$ -0-	\$100,000
Grant-Department of Public Safety and Corrections	-0-	182,052	182,052
Total support	100,000	182,052	282,052
Other Income:			
Interest Income	-492	-0-	-492
Total other income	-492	-0-	-492
Program services	91,704	182,782	274,486
Management and general	3,231	6,328	9,559
Total expenses	94,935	189,110	284,045
Change in unrestricted net assets	5,561	-0-	5,561
Net unrestricted assets, July 1, 1986	-4,806	-0-	-4,806
Net unrestricted assets June 30, 1987	\$ 10,755	\$ -0-	\$ 10,755

see Independent Auditors' Report on Supplementary Information



YOUTH DEVELOPMENT ASSOCIATION, INC.  
COMBINED STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 1997

	-----PROGRAM SERVICES-----	
	LOUISIANA DEPARTMENT OF PUBLIC SAFETY AND CORRECTIONS	TOTAL MEMORANDUM COST
	GOVERNOR'S OFFICE OF URBAN AFFAIRS	
Salaries	\$17,260	\$189,811
Employee benefits	6,438	12,419
Occupancy	4,872	14,786
Transportation	662	1,665
Insurance expense	--	982
Supplies	1,733	2,684
Audit cost	1,150	3,310
Other	28	872
	-----	-----
Total program services	\$31,283	\$365,329
		-----
		\$227,014
		18,651
		19,658
		2,227
		982
		4,007
		3,503
		-----
		\$227,422

See Independent auditors' Report on supplementary information.

YOUTH DEVELOPMENT ASSOCIATION, INC.  
COMBINING STATEMENT OF FUNCTIONAL EXPENSES, CONTINUED  
FOR THE YEAR ENDED JUNE 30, 1997

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	-----MANAGEMENT AND GENERAL-----		
	GOVERNOR'S	LOUISIANA	
	OFFICE OF TRULSF	DEPARTMENT OF	
	REFERS	PUBLIC SAFETY	
	-----	AND CONNECTIONS	-----
Salaries	\$2,092	\$5,492	\$7,584
Employee benefits	---256	---578	1,034
Total management and general	\$2,348	\$6,070	\$8,618
			TOTAL MEMBERSHIP ONLY

See Independent Auditors' Report on Supplementary Information.

**& Tervalon**

MEMPHIS, TENNESSEE  
ALBANY, GEORGIA  
NEW ORLEANS, LOUISIANA

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

To the Board of Directors  
Youth Development Association, Inc.  
New Orleans, Louisiana 70119

We have audited the financial statements of Youth Development Association, Inc. (YDA) as of and for the year ended June 30, 1997, and have issued our report dated February 9, 1998.

We conducted our audit in accordance with generally accepted auditing standards 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 YDA's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts.

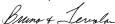
However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under Government Auditing Standards which are described in the accompanying Schedule of Finding Recommendation and Management's Response.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND  
ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENTAL AUDITING STANDARDS  
(CONTINUED)

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered YDA's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect YDA'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 Reportable Conditions.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions in the Schedule of Reportable Conditions is a material weakness.



**BRUNO & TERVALON  
CERTIFIED PUBLIC ACCOUNTANTS**

February 9, 1998

YOUTH DEVELOPMENT ASSOCIATION, INC.  
SCHEDULE OF REPORTABLE CONDITIONS

---

99-1 -- FILING OF ANNUAL INTERNAL REVENUE FORM 990

Condition

Currently, YDA is not in compliance with the filing requirements of the Internal Revenue Service for Tax-Exempt Organizations.

Recommendation

We recommend that the required annual filing which is due by the fifteenth of the fifth month following the organization's tax year be prepared and filed accordingly.

Management's Response

We concur with the recommendation and the required Form 990 will be filed.

**YOUTH DEVELOPMENT ASSOCIATION, INC.**  
**SCHEDULE OF REPORTABLE CONDITIONS, CONTINUED**

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**97-2 -- FILING OF ACCURATE FEDERAL AND STATE TAX REPORTS**

**Condition**

YDA failed to include in both Federal and State tax reports filed wages of approximately \$10,000 paid in the current year.

However, the financial statements prepared include an adjustment to accommodate the required social security and medicare taxes.

**Recommendation**

We recommend that all wages paid to employees should be properly accounted for in both the internal records as well as all required Federal and State reports filed.

**Management's Response**

We concur with the recommendation. YDA is in the process of submitting corrected Federal and State reports.

**YOUTH DEVELOPMENT ASSOCIATION, INC.**  
**SCHEDULE OF FINDING, RECOMMENDATION AND MANAGEMENT'S RESPONSE**

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**97-A -- TIMELY SUBMISSION OF AUDIT REPORT**

**Condition**

**5-0-**

Section III of the contract between YDA and the Louisiana Department of Public Safety and Corrections requires the submission of an audit report by December 31, 1987.

**Recommendation**

We recommend that management undertake the necessary actions to ensure the timely completion of the audit of YDA as required in its contract with its funding source.

**MANAGEMENT'S Response**

We concur with the recommendation. YDA has initiated the necessary action plan to ensure the timely submission of its annual audit report in the future.

**YOUTH DEVELOPMENT ASSOCIATION, INC.**  
**STATUS OF PRIOR YEAR'S REPORTABLE CONDITIONS AND FINDINGS**  
**JUNE 30, 1997**

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<u>CONDITION/FINDING</u>	<u>STATUS</u>		
	<u>IN-PROGRESS</u>	<u>RESOLVED</u>	<u>UNRESOLVED</u>
No general ledger and/or related subsidiary ledgers	X*		
Preparation of monthly bank reconciliation	X*		
No formal Drug-free Work-Place policy		X	
Performance of Services	X*		
Verification of Service Area of Participants	X*		
Participant Eligibility Requirements	X*		
Agreement of Cost Reports to Internal Records	X*		

\*Repeated



**YOUTH DEVELOPMENT ASSOCIATION, INC.**

**EXIT CONFERENCE**

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An exit conference was held on Wednesday, February 14, 1996 with representatives of YDA. The contents of this report were discussed and management is in agreement. Those persons in attendance were as follows:

**YOUTH DEVELOPMENT ASSOCIATION, INC.**

Mr. Walter J. Mitchell, Jr.	--	Executive Director
Ms. Ivory Arment	--	Business Manager

**BRUNO & TERVALON, CERTIFIED PUBLIC ACCOUNTANTS**

Mr. Alcide J. Tervalon, Jr., CPA	--	Partner
Mr. Paul E. Anich, Sr., CPA	--	Senior Manager