

OFFICIAL  
FILE COPY

DO NOT SEND OUT

(Xerox necessary  
copies from this  
copy and PLACE  
BACK in FILE)

Reissued

## NEW HORIZONS YOUTH SERVICE BUREAU

Financial Statements and Independent Auditor's Report  
Year Ended June 30, 1999

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 APR 12 2000

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, 1999

**Table of Contents**

Independent Auditor's Report.....	01
<b>FINANCIAL STATEMENTS:</b>	
Statement of Financial Position .....	02
Statement of Activities.....	03
Statement of Support, Revenues and Functional Expenses by Programs.....	04
Statement of Cash Flows.....	06
Notes to Financial Statements .....	07
<b>INTERNAL CONTROL AND COMPLIANCE REPORT:</b>	
Report on Compliance and on Internal Control over Financial Reporting based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	14

**ANTHONY B. BAGLIO CPA**  
**A PROFESSIONAL ACCOUNTING CORPORATION**  
2011 Rue Simone  
Hammond, Louisiana 70403  
(504)542-4155

RECEIVED  
LEGISLATIVE AUDITOR  
APR - 7 AM 9:15

**INDEPENDENT AUDITOR'S REPORT**

To The Board of Directors  
New Horizons Youth Service Bureau  
47257 River Road  
Hammond, Louisiana 70401

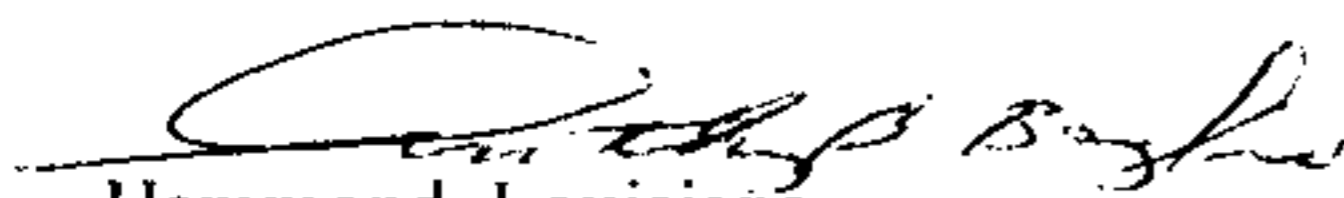
I have audited the accompanying statement of financial position of New Horizons Youth Service Bureau (a nonprofit organization) as of June 30, 1999, and the related statement of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with 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. 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, 1999, 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 15, 1999, 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.

My audit was performed for the purpose of forming an opinion on the basic financial statements of New Horizon Youth Service Bureau 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 15, 1999

**NEW HORIZONS YOUTH SERVICE BUREAU**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 1999**

**ASSETS:**

Current Assets

Cash and cash equivalents	\$ 6,765	
Grants and other receivables	150,655	

Total Current Assets 157,420

Property, Plant, and Equipment

Land	25,000	
Buildings	76,084	
Office & other equipment	11,559	
Transportation equipment	3,325	
Total Property, Plant, and Equipment	115,968	
Less: Accumulated depreciation	(27,642)	

Total Property, Plant, and Equipment 88,326

Other Assets

Prepaid expenses	10,503	
Worker's compensation deposit	1,400	

11,903

**Total Assets** **\$ 257,649**

**LIABILITIES AND NET ASSETS:**

Current Liabilities

Accounts payable	17,970	
Accrued annual leave	25,621	
Payroll taxes payable	9,832	
Employee withholding payable	1,138	
Current portion of long-term debt	1,890	
Lines of credit	99,745	

Total Current Liabilities 156,196

Long Term Debt, less current portion 6,212

Total Liabilities 162,408

Net Assets

Temporarily restricted	95,241	

Total Net Assets 95,241

**Total Liabilities and Net Assets** **\$ 257,649**

See accompanying notes to financial statement

**NEW HORIZONS YOUTH SERVICE BUREAU**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 1999**

<b>SUPPORT AND REVENUE</b>	<b>Temporarily Restricted</b>
Grants and contracts	\$ 1,180,688
Fees from services	9,605
Fund raising	10,942
Contributions	9,713
Miscellaneous	1,431
Interest	951
	<u>1,213,330</u>
<b>TOTAL SUPPORT AND REVENUE</b>	<u>1,213,330</u>
<b>EXPENSES</b>	
Program services:	
Local	23,468
Runaway & Homeless Youth Act	132,837
Horizon House Shelter	309,131
Tutoring	6,241
Pathways	254,316
Mental Health	112,460
Second Step	37,351
Counseling	40,990
Office of Public Health	15,000
Hand In Hand	139,279
Substance Abuse	24,719
Family Resource Center	114,341
	<u>1,210,133</u>
<b>TOTAL PROGRAM EXPENSES</b>	<u>1,210,133</u>
<b>INCREASE IN TEMPORARILY RESTRICTED NET ASSETS</b>	3,197
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>92,044</u>
<b>NET ASSETS AT END OF YEAR</b>	<u><u>\$ 95,241</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, 1999

SUPPORT & REVENUES	Local	Runaway & Homeless	Horizon House	Tutoring	Pathways	Mental Health Crossroads	Second Step	Counseling Center	Hand in Hand	Office of Public Health	ADAPT	Family Resource Center	Totals
LA Department of Social Services												\$ 114,561	\$ 114,561
LA Department of Health and Hospitals - Office of Public Health										15,000			15,000
LA Department of Health and Hospitals - Office of Alcohol and Drug Abuse											23,028		23,028
LA Department of Health and Human Services		140,397											140,397
Tangipahoa Parish School Board				6,000									6,000
LA Department of Public Safety and Corrections			308,802		115,668								424,470
LA Department of Social Services-TIPS					39,508			9,725					49,233
LA Department of Social Services					104,244		37,188		135,792				277,224
Tangipahoa United Way								20,000					20,000
LA Department of Health and Hospitals						110,775							110,775
Fees for Services					2,312			7,293					9,605
Fund Raising	10,942												10,942
Contributions	9,713												9,713
Miscellaneous	1,431												1,431
Interest Income	951												951
<b>Total Support &amp; Revenue</b>	<b>\$ 23,037</b>	<b>\$ 140,397</b>	<b>\$ 308,802</b>	<b>\$ 6,000</b>	<b>\$ 261,732</b>	<b>\$ 110,775</b>	<b>\$ 37,188</b>	<b>\$ 37,018</b>	<b>\$ 135,792</b>	<b>\$ 15,000</b>	<b>\$ 23,028</b>	<b>\$ 114,561</b>	<b>\$ 1,213,330</b>

See accompanying notes to financial statements

**NEW HORIZONS YOUTH SERVICE BUREAU**

Statement of Support, Revenues, and Functional Expenses By Programs  
Year Ended June 30, 1999

EXPENSES	Local	Runaway & Homeless	Horizon House	Tutoring Pathways	Mental Health Crossroads	Second Step	Counseling Center	Hand In Hand	Office of Public Health	ADAPT	Family Resource Center	Totals
Accounting	\$ 209	\$ 2,018	\$ 4,836	\$ -	\$ 3,956	\$ 2,368	\$ 552	\$ 261	\$ 1,506	\$ 263	\$ 3,259	\$ 19,313
Administrative Service	663	54	162	-	145	-	-	-	8	855	306	2,193
Auto	(152)	469	1,613	-	634	244	86	58	3,072	40	709	6,808
Bank Charges	477	-	-	-	-	-	-	-	-	-	-	477
Client Needs	364	779	2,756	-	223	20	1,129	-	6,899	-	-	12,191
Conference	-	127	438	-	1,502	626	249	749	220	167	1,958	6,036
Depreciation	3,449	-	-	-	-	-	-	-	-	-	-	3,449
Dues, Subs., & License	-	97	282	-	29	2	1	1	7	-	-	419
Equip. Maintenance	1,518	468	1,328	-	137	90	195	180	3,124	40	1,432	8,529
Equip. Acquisitions	-	931	5,305	-	-	-	-	-	1,991	2,255	-	10,482
Food	633	1,024	4,827	-	-	-	-	27	-	-	19	6,530
Insurance	(181)	12,626	37,437	-	12,911	6,621	2,995	2,781	13,112	1,903	13,037	103,579
Interest	4,397	-	2,990	-	2,910	631	-	122	84	-	-	11,134
Office Supplies	79	842	4,039	39	1,720	1,057	551	555	2,443	1,020	2,341	14,848
Miscellaneous	315	-	-	-	-	-	-	-	-	-	-	315
Payroll Taxes	1,057	7,585	17,354	271	13,409	6,525	1,821	1,904	7,097	1,132	5,994	64,589
Professional Services	-	-	-	-	-	-	-	-	19	2,489	-	2,508
Rent-Copier	-	94	257	-	136	65	18	21	124	12	83	814
Rent	-	-	-	-	-	-	-	-	-	-	4,300	4,300
Supplies	5,901	2,046	6,085	-	849	462	49	47	131	154	2,456	18,184
Telephone	(20)	1,377	3,765	-	9,573	3,768	1,039	278	2,656	249	2,310	25,136
Transportation	-	104	674	-	26,289	7,434	3,888	263	5,207	12	706	44,855
Utilities	204	584	10,983	-	1,512	700	327	312	1,098	59	2,439	18,270
Wages	4,555	101,612	204,000	5,931	178,381	81,848	24,450	33,431	90,592	13,313	72,992	825,174
Total Expenses	\$ 23,468	\$ 132,837	\$ 309,131	\$ 6,241	\$ 254,316	\$ 112,461	\$ 37,350	\$ 40,990	\$ 139,279	\$ 24,719	\$ 114,341	\$ 1,210,133
Excess(deficiency)of support and revenues over expenses	\$ (431)	\$ 7,560	\$ (329)	\$ (241)	\$ 7,416	\$ (1,686)	\$ (162)	\$ (3,972)	\$ (3,487)	\$ -	\$ 220	\$ 3,197

See accompanying notes to financial statements

**NEW HORIZONS YOUTH SERVICE BUREAU**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED JUNE 30, 1999**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Increase in net assets	\$ 3,197
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	3,449
(Increase) decrease in operating assets:	
Accounts receivable	(38,068)
Prepaid expenses	(9,853)
Increase (decrease) in operating liabilities:	
Accounts payable	17,632
Accrued vacation	4,556
Other accrued expenses	7,506
	(11,581)
Net cash used by operating activities	\$ (11,581)

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Payment for property and equipment	(4,134)
------------------------------------	---------

**CASH FLOWS FROM FINANCING ACTIVITIES:**

Proceeds from short-term debt	20,500
Repayment of long-term debt	(1,890)
Repayment of short-term debt	(20,721)
	(2,111)
Net cash used by financing activities	(2,111)
Net decrease in cash and cash equivalent	(17,826)
Cash and cash equivalent - Beginning of year	24,591
Cash and cash equivalent - End of year	\$ 6,765

**SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:**

Cash paid during the year for:	
Interest	\$ 11,136

See accompanying notes to financial statements



## NEW HORIZONS YOUTH SERVICE BUREAU

Notes to Financial Statements

Year Ended June 30, 1999

### 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 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. CONTRIBUTIONS

The Organization has also adopted SFAS No. 116, "Accounting for Contributions Received and Contributions Made." Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. The Organization received services donated by various individuals. No amounts have been reflected in the financial statements for those services since they do not meet the criteria for recognition under SFAS No. 116.

#### 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, 1999

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, 1999 is \$3,449.

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, 1999 recorded as acquisition expense totaled \$10,482. Since June 30, 1992, the Organization has used approximately \$97,014 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.

**NEW HORIZONS YOUTH SERVICE BUREAU**  
Notes to Financial Statements (Continued)  
Year Ended June 30, 1999

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.

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.

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

New Horizons Youth Service Bureau was primarily funded through the following grants, fees and contracts for the period July 1, 1998 through June 30, 1999

Funding Source	Grant Cont. Number	Contract Period	Grants/Contracts	Recognized Grants/Contracts	Recognized Fees	Total Support And Revenues	Program
** US Department of Health and Human Services	06CY0478/03	09/01/98-09/29/99	150,000	140,397		140,397	Runaway & Homeless Youth Act
Tangipahoa School Board		07/01/98-06/30/99	6,000	6,000		6,000	Tutoring
Louisiana Department of Public Safety & Corrections	535768	07/01/98-06/30/99	315,125	308,802		308,802	Horizon House
** Louisiana Department of Public Safety & Corrections	403-587-7	01/01/97-12/31/99	150,000	115,668		115,668	Pathways
LA Office of Community Services					39,508	39,508	Pathways TIPS
** LA Office of Community Services	507950	07/01/96-06/30/99	104,400	104,244		104,244	Pathways
Total Pathways			254,400	219,912	39,508	259,420	
LA Department of Health and Hospitals-Office of Mental Health	534682	07/01/98-06/30/99	112,750	110,775		110,775	Mental Health (Crossroads)
Louisiana Department of Social Services	513053	07/01/98-06/30/99	40,000	37,188		37,188	Second Step
LA Office of Community Services		07/01/98-06/30/99			9,725	9,725	Counseling TIPS
Tangipahoa United Way		07/01/98-06/30/99	20,000	20,000		20,000	United Way
Total Counseling Center			20,000	20,000	9,725	29,725	
** LA Office of Community Services	506660	09/01/97-12/31/98	399,480	135,792		135,792	Hand in Hand
LA Office of Community Services	541387	07/31/98-06/30/99	400,000	114,561		114,561	Positive Steps
** LA Department of Health and Hospitals - Office of Public Health	537806	09/01/98-12/31/98	15,000		15,000	15,000	Hand in Hand
LA Department of Health and Hospitals - Office of Alcohol & Drug Abuse	539277	07/01/98-06/30/99	69,000		23,028	23,028	ADAPT
Total Grants/Contracts & Fees			\$ 1,781,755	\$ 1,093,427	\$ 87,261	\$ 1,180,688	

\*\* Grant on a different fiscal year

**NEW HORIZONS YOUTH SERVICE BUREAU**

Notes to Financial Statements (Continued)

Year Ended June 30, 1999

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, 1999, New Horizons Youth Service Bureau had cash & cash equivalents totaling \$6,765, as follows:

Operation account	\$ 6,339.
Special account	426.
	-----
Total	\$ 6,765.
	=====

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. LONG-TERM DEBT

Notes at June 30, 1999 consisted of the following:

New Horizons Youth Service Bureau has a promissory note due to First Guaranty Bank for \$8,102 dated May 22, 1997 and payable in seven consecutive semi-annual interest payments, beginning November 01, 1997, with interest calculated on the unpaid principal balances at a simple interest rate of 10.75% per annum and three consecutive annual principal payments of \$1,890. beginning May 01, 1998 with a final payment of principal and interest of \$6,212 on May 01, 2001. The note is for the purchase of land where the New Horizons Youth Service Bureau is presently located, and the note is collateralized by the land and buildings owned by the New Horizons Youth Service Bureau. At June 30, 1999, the balance of this note was \$8,102. Of this amount, \$8,102 represents long-term debt.

The interest expense for all debt for the fiscal year ended June 30, 1999, is \$11,134.

**NEW HORIZONS YOUTH SERVICE BUREAU**

Notes to Financial Statements (Continued)

Year Ended June 30, 1999

4. LINE OF CREDIT

New Horizons Youth Service Bureau has a line of credit with First Guaranty Bank for \$100,000 dated June 07, 1999 and bearing interest at 9.75% at June 30, 1999. 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 07, 2000. In addition interest is payable monthly. The line of credit is collateralized by the land, buildings, accounts receivable and contract rights. At June 30, 1999 the balance on the line of credit was \$99,745. The unused line of credit was \$255.

5. GRANTS AND OTHER RECEIVABLES

As of June 30, 1999, 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	16,320.
Mental Health	23,006.
Horizon House	47,383.
Second Step	7,000.
Counseling	35.
Substance Abuse	6,776.
Family Resource Center	50,135.
	-----
	\$150,655.
	=====

6. COMMITMENTS

As of June 30, 1999, New Horizons Youth Service Bureau had the following leases. The first lease dated May 21, 1999 is for a commercial building located in Franklinton, Louisiana, for a term of one year at a monthly rental of \$700. 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 with the same rent. Minimum rental, on an annual basis, is as follows:

Fiscal year ending June 30, 2000	\$ 18,000.
Fiscal year ending June 30, 2001	\$ 9,600.

**NEW HORIZONS YOUTH SERVICE BUREAU**  
Notes to Financial Statements (Continued)  
Year Ended June 30, 1999

7. ALLOWANCE FOR BAD DEBTS

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

8. YEAR 2000 ISSUE

The year 2000 issue is the result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect the Organization's operations in 1999 and beyond. New Horizons Youth Service Bureau uses an outside accounting firm to process its accounting. This outside firm is of the opinion they are year 2000 compliant. The Organization is dependent on funding from various sources. The effect, if any, the year 2000 compliance would have on the Organization's ability to obtain funding is not determinable.

Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the Organization's remediation efforts will be successful in whole or in part, or that the individuals and or agencies that fund the Organization will be year 2000 ready.

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

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



**ANTHONY B. BAGLIO CPA**  
**A PROFESSIONAL ACCOUNTING CORPORATION**  
2011 Rue Simone  
Hammond, Louisiana 70403  
(504)542-4155

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

Board of Directors  
New Horizons Youth Service Bureau  
47257 River Road  
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, 1999, and have issued my report thereon dated December 15, 1999. I conducted my 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.

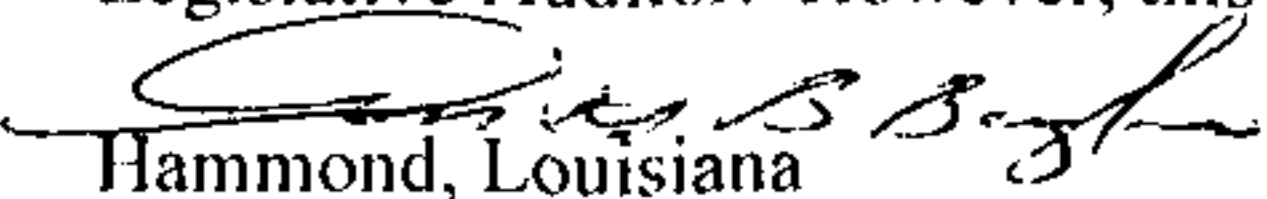
Compliance

As part of obtaining reasonable assurance about whether 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

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. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. 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. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended for the information of the audit committee, management, and the Louisiana Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

  
Hammond, Louisiana  
December 15, 1999

**ANTHONY B. BAGLIO CPA**  
**A PROFESSIONAL ACCOUNTING CORPORATION**  
2011 Rue Simone  
Hammond, Louisiana 70403  
(504)542-4155

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

Board of Directors  
New Horizons Youth Service Bureau  
47257 River Road  
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, 1999. 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 generally accepted auditing standards; 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 and 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.

In my opinion, 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, 1999.

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.

My consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. 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. I noted no matters involving the internal control over compliance and its operation that I considered to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, others within the organization and federal awarding agencies, and the Louisiana Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, appearing to read "B. Bengtson". The signature is written in a cursive style with a large, looping initial letter.

Hammond, Louisiana  
December 15, 1999

**New Horizons Youth Service Bureau  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 1999**

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

**Financial Statements**

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

**Federal Awards**

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

Type of auditor's report issued on compliance for major programs:	<u>Unqualified</u>
---	--------------------

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510 (a)?	_____ yes	_____ <b>X</b> no
--	-----------	-------------------

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
93.556	Family Preservation and Support Services
93.623	Runaway and Homeless Youth
93.645	Child Welfare Services
93.667	Social Services Block Grant
93.958	Block Grant For Community Mental Health
93.994	Family Preservation and Support Services

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

**Section II-Financial Statement Findings**

There were no financial statement findings.

**Section III-Federal Award Findings and Questioned Costs**

There were no federal award findings or questioned costs.