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PAGE 1 OF 1

YOUTH DEVELOPMENT ASSOCIATION, INC.

**FINANCIAL AND COMPLIANCE AUDIT
TOGETHER WITH
INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED JUNE 30, 1996**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the auditor, or reviewed, only and the appropriate public officials. This report is available for public inspection at the State House office of the Legislative Auditor and, where appropriate, at the office of the county clerk of court.

Bruno
CERTIFIED PUBLIC ACCOUNTANTS
& Tervalon

Release Date: FEB 26 1997

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& Tervalon

OFFICE: 800 N. OLYMPIA
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NEW ORLEANS, LOUISIANA 70119

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

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

We have audited the accompanying balance sheet of Youth Development Association, Inc. (YDA) as of June 30, 1996, and the related statements of support and expenses and charges in fund balances, 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 an audit in accordance with generally accepted auditing standards and Government Auditing Standards issued by the Comptroller General of the United States and the provisions of OMB Circular A-133, Audits of Institutions of Higher Education and Other Nonprofit Institutions. These 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 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. 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, 1996 and the results of its support and expenses, cashflows and functional expenses for the year then ended, in conformity with generally accepted accounting principles.

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

(CONTINUED)

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

Our audit was made for the purpose of forming an opinion on the basic financial statements of YDA taken as a whole. The accompanying Schedule of Federal Financial Award for the year ended June 30, 1986, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The information in that schedule has been subjected to the procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with Government Auditing Standards, we have also issued reports dated December 14, 1986, on our consideration of YDA's compliance with laws, regulations, contracts and grants.



BRUNO & TERVALON
CERTIFIED PUBLIC ACCOUNTANTS

December 14, 1986

Bruno

CERTIFIED PUBLIC ACCOUNTANTS

& Tervalon

YOUTH DEVELOPMENT ASSOCIATION, INC.
 BALANCE SHEET
 AT YUNE 30, 1964

		-----STATE OF LOUISIANA-----			
		LOUISIANA		TOTAL	
		DEPARTMENT OF		RESEARCHER	
		PUBLIC SAFETY		PROGRAMS	
		AND CORRECTIONS		ONLY	
		-----		-----	
ASSETS					
Cash and temporary cash		\$ 4,815	\$ 4,815	\$ 4,815	
Investments		-0-	-0-	4,137	
Due from other program		4,137	4,137	4,137	
Grants receivable		82	82	2,231	
Total assets		\$7,054	\$13,154	\$20,320	
LIABILITIES AND FUND BALANCE					
Liabilities					
Taxes payable		\$1,506	\$ 2,156	\$ 4,662	
Due to other program		-0-	4,137	4,137	
Accounts and other payables		746	2,661	2,321	
Total liabilities		\$2,252	12,754	\$6,866	
Fund balance, as adjusted		\$4,802	-0-	\$4,802	
Total liabilities and fund balance		\$7,054	\$13,154	\$11,668	

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

SOUTH DEVELOPMENT ASSOCIATION, INC.
STATEMENT OF ASSETS AND EXPENSES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 1995

	-----STATE OF LOUISIANA-----		
	LOUISIANA GOVERNOR'S OFFICE OF URBAN AFFAIRS	LOUISIANA DEPARTMENT OF PUBLIC SAFETY AND CORRECTIONS	TOTAL MEMORANDUM ACCOUNT
ASSETS			
Grant-Office of Urban Affairs	\$ 100,000	\$ 0=	\$100,000
Grant-Department of Public Safety and Corrections	0=	283,203	283,203
Total support	100,000	283,203	383,203
EXPENSES			
Program services	87,448	171,601	259,049
Management and general	8,505	13,120	21,625
Total expenses	95,953	184,721	280,674
Excess of support over expenses	4,047	0=	4,047
Fund balance, July 1, 1995	0=	3,673	3,673
Adjustment to beginning fund balance	0=	(3,673)	(3,673)
Fund balance, as adjusted June 30, 1995	\$ 4,047	\$ 0=	\$ 4,047

The accompanying notes are an integral part of these financial statements

YOUTH DEVELOPMENT ASSOCIATION, INC.
STATEMENT OF CASHFLOW
FOR THE YEAR ENDED JUNE 30, 1996

	TOTAL MEMBERSHIP ONLY
Cashflow from operating activities:	
Excess of support over expenses	\$ 3,846
Increase in grants receivable	19,709
Increase in taxes payable	4,882
Increase in accounts and other payables	5,555
Net cash from operating activities	4,444
Cash, and temporary cash investment beginning of year	2,532
Cash, and temporary cash investments ending of year	\$ 6,976
Interest expense paid	\$ -0-
Income taxes paid	\$ -0-

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

PORTS DEVELOPMENT ASSOCIATION, INC.
 STATEMENT OF FUNCTIONAL EXPENSES
 FOR THE YEAR ENDED JUNE 30, 1966

*****PROGRAM SERVICES*****			
LOUISIANA			
GOVERNOR'S			TOTAL
OFFICE OF OCEAN			PROGRAMS
AFFAIRS			EXP.
Salaries	\$78,409	\$137,282	\$112,881
Employee benefits	8,302	19,861	16,263
Occupancy	2,644	18,214	19,898
Transportation	680	1,750	2,439
Insurance expense	-0-	1,286	1,986
Supplies	1,208	2,217	4,949
Audit cost	1,141	2,159	3,909
Other	62	452	515
Total program services	\$92,442	\$172,861	\$161,032

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

SOUTH DEVELOPMENT ASSOCIATION, INC.
 STATEMENT OF FUNCTIONAL EXPENSES, CONTINUED
 FOR THE YEAR ENDED JUNE 30, 1986

Salaries				
Employee benefits				
Total management and general				
	\$7,899	\$16,343	\$24,242	
	<u> </u>	<u>3,457</u>	<u>3,457</u>	
	\$8,665	\$19,799	\$28,465	
				TOTAL
				MANAGEMENT
				AND GENERAL

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

YOUTH DEVELOPMENT ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS

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, 1990, 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

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

NOTE 2 - Summary of Significant Accounting Policies, Continued:

Fund Accounting

Each grant administered by YDA is accounted for by fund. Accordingly, resources for various grants are classified for accounting and reporting purposes into funds established according to their nature and purpose. Separate accounts are maintained for each fund.

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, 1988 all depreciable property and equipment are fully depreciated.

Inter-fund Activity

All inter-fund activities have been recorded as due to or due from other programs and represent loans and/or advances to or expenses paid by one program on behalf of another.

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 those estimates.

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

NOTE 2 - Summary of significant Accounting Policies, Continued:

Total Column on Statements

The total column on the statements is captioned "Memorandum Only" to indicate that it is presented only to facilitate financial analysis. Such data is not comparable to a consolidation. Inter-fund eliminations have not been made in the aggregation of this data.

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, grants receivable, and payables approximate their fair value because of the short maturities of these items.

NOTE 5 - Financial Accounting Standards Board
Statements 116 and 117

As allowed for by Standards 116 and 117, YDA has elected to delay implementation of the above standards.

NOTE 6 - Temporary Cash Investments:

YDA has invested an amount in a short-term investment account. This investment is valued at cost which approximates market at June 30, 1990.

NOTE 7 - Risk Management:

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

YOUTH DEVELOPMENT ASSOCIATION, INC.

SCHEDULE OF FEDERAL FINANCIAL AWARD
FOR THE YEAR ENDED JUNE 30, 1996

PROGRAM/GRANTOR	CFDA NUMBER	AWARD AMOUNT	GRANT RECEIPTS	GRANT EXPENDITURES
Governor's Office of Urban Affairs	93.993	\$100,000	\$100,000	\$ 96,854
*Department of Public Safety and Corrections	93.993	200,000	191,383	191,383
		\$300,000	\$291,383	\$288,237

*Denotes Major Program

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL STRUCTURE
BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors
Youth Development Association, Inc.

We have audited the financial statements of Youth Development Association, Inc. (YDA) as of and for the year ended June 30, 1998, and have issued our report thereon dated December 16, 1998.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States and the provisions of OMB Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Institutions". These standards and provisions of OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The management of YDA is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors, omissions, or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL STRUCTURE
BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(CONTINUED)

This report is intended for the information of the Board of Directors, management and its regulatory agencies. By provision of state law, this report is a public document and its distribution is not limited upon acceptance by YEA.



BRUNO & TERVALON
CERTIFIED PUBLIC ACCOUNTANTS

December 26, 1996

MANAGEMENT AUDITORS' REPORT ON INTERNAL CONTROL STRUCTURE
IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Directors
Youth Development Association, Inc.

We have audited the financial statements of Youth Development Association, Inc. (YDA) as of and for the year ended June 30, 1986, and have issued our report thereon dated December 28, 1986. We have also audited the compliance of YDA with requirements applicable to major federal award programs and have issued our report dated December 16, 1986.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, "Audits of Recipients of Higher Education and Other Nonprofit Institutions". These standards and the provisions of OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and about whether YDA complied with laws and regulations, noncompliance with which would be material to its major federal award program.

In planning and performing our audit for the year ended June 30, 1986, we considered YDA's internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on YDA's financial statements and to report on its internal control structure in accordance with OMB Circular A-133. This report addresses our consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal award programs. We have addressed internal control policies and procedures relevant to our audit of the financial statements in a separate report dated December 16, 1986.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL STRUCTURES
IN ACCORDANCE WITH DOD CIRCULAR A-133
(CONTINUED)

The management of YMS is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles and that the federal financial award programs are managed in compliance with applicable laws and regulations. Because of inherent limitations in any internal control structure, errors, irregularities or instances of noncompliance may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies and procedures in the following categories:

Internal Control Structure Categories

- | | |
|-----------------------------------|---------------------------------------|
| • Cash Receipts | • Payroll |
| • Accounts Payable | • Equipment |
| • Cash Management | • Civil Rights |
| • Cash Disbursements | • Political Activities |
| • Drug-Free Workplace Act | • Americans with Disabilities Act |
| • Allowable Cost/Cont. Principles | • Special Requirements, as applicable |
| • Receivables | • Administrative Requirements |
- Federal Financial Reporting

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL STRUCTURE
IN ACCORDANCE WITH OMB CIRCULAR A-113
(CONTINUED)

For all of the internal control structure categories previously listed, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk.

During the year ended June 30, 1986, VTA had expended all its total Federal award under a major program. (See Schedule of Federal Financial Award).

We performed tests of controls as required by OMB circular A-113, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements that are applicable to EDA's major Federal award program, which is identified in the accompanying Schedule of Federal Financial Award. Our procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, we do not express such an opinion.

We noted certain matters involving internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention of the significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect VTA's ability to administer Federal award programs in accordance with applicable laws and regulations (see Schedule of Reportable Conditions).

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that noncompliance with laws and regulations that would be material to a Federal Financial Award program may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operations that we consider to be material weaknesses as defined above.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL STRUCTURE
IN ACCORDANCE WITH DMR CIRCULAR A-133
(CONTINUED)

Our consideration of the internal control policies and procedures used in administering Federal Financial Awards, would not necessarily disclose all matters in the internal control structure that might constitute material weaknesses under standards established by the American Institute of Certified Public Accountants.

However, we noted matters involving YDA's internal control structure and its operations that we have reported to the management of YDA in a separate letter dated December 16, 1996.

This report is intended for the information of the Board of Directors, management and its regulatory agencies. By provision of State law, this report is a public document, and its distribution is not limited upon acceptance by YDA.



BRUNO & TERVALON
CERTIFIED PUBLIC ACCOUNTANTS

December 16, 1996

YOUTH DEVELOPMENT ASSOCIATION, INC.
SCHEDULE OF REPORTABLE CONDITIONS

a. NO GENERAL LEDGER AND/OR RELATED SUBSIDIARY LEDGERS

Condition

Currently, YDA does not maintain a formal general ledger and related subsidiary ledgers to account for the financial activities of its two programs funded by the State of Louisiana. However, YDA has a manual accounting system in place to ensure compliance with the budgetary cost categories for its funded programs.

Recommendation

We recommend that management evaluate the above condition with an aim toward the development of an action plan to address the above condition.

Management's Response

We concur with your recommendation.

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

0 PREPARATION OF MONTHLY BANK RECONCILIATION

Condition

The investment bank account maintained by YDA is not reconciled on a monthly basis. In addition, all other bank accounts maintained by YDA lack evidence of supervisory review.

Recommendation

We recommend that the investment bank account be reconciled and all accounts reviewed at a supervisory level above the preparer of the reconciliations.

Management's Response

We concur with your recommendation.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH LAWS,
REGULATIONS, CONTRACTS AND GRANTS BASED ON
AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors
Youth Development Association, Inc.

We have audited the financial statements of Youth Development Association, Inc. (YDA) as of and for the year ended June 30, 1996, and have issued our report thereon dated December 16, 1996.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards issued by the comptroller general of the United States and the provisions of OMB Circular A-133, "Standards of Institutions of Higher Education and Other Recipient Institutions". These standards and provisions of OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts and grants applicable to YDA is the responsibility of YDA's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of YDA's compliance with certain provisions of laws, regulations, contracts and grants. However, the objective of our audit of the financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH LAWS,
REGULATIONS, CONTRACTS AND GRANTS BASED ON
AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(CONTINUED)

The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards. However, the results of our procedures disclosed immaterial instances of noncompliance, which are described in the accompanying Schedule of Findings, Recommendations and Management's Responses.

This report is intended for the information of the Board of Directors, management and its regulatory agencies. By provision of State law, this report is a public document, and its distribution is not limited upon acceptance by YSA.



BRUNO & TERVALON
CERTIFIED PUBLIC ACCOUNTANTS

December 16, 1986

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH THE GENERAL REQUIREMENTS APPLICABLE
TO FEDERAL FINANCIAL AWARD PROGRAMS

To the Board of Directors
Youth Development Association, Inc.

We have audited the financial statements of Youth Development Association, Inc. (YDA) as of and for the year ended June 30, 1996, and have issued our report thereon dated December 16, 1996.

We have applied procedures to test YDA's compliance with the following requirements applicable to its federal financial award programs, which are identified in the Schedule of Federal Financial Awards for the year ended June 30, 1996:

General Requirements

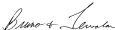
- | | |
|-----------------------------------|---------------------------|
| o Political Activity | o Allowable costs/cost |
| o Civil Rights | o Principles |
| o Administrative Requirements | o Drug-Free Workplace Act |
| o Federal Financial Reports | o Cash Management |
| o Americans With Disabilities Act | |

Our procedures were limited to the applicable procedures described in the Office of Management and Budget's Compliance Supplement for "Audits of Institutions of Higher Education and Other Nonprofit Institutions". Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on YDA's compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH THE GENERAL REQUIREMENTS APPLICABLE
TO FEDERAL FINANCIAL AID PROGRAMS
(CONTINUED)**

With respect to the items tested, the results of our procedures disclosed no material instances of noncompliance with the requirements listed in the second paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that YMA had not complied, in all material respects, with those requirements. However, the results of our procedures disclosed immaterial instances of noncompliance with those requirements, which are described in the accompanying Schedule of Findings, Recommendations and Management's Responses.

This report is intended for the information of the Board of Directors and management and its regulatory agencies. By provision of state law, this report is a public document, and its distribution is not limited upon acceptance by YMA.



BRUNO & TERVALÓN
CERTIFIED PUBLIC ACCOUNTANTS

December 16, 1996

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH SPECIFIC REQUIREMENTS APPLICABLE TO MAJOR
FEDERAL FINANCIAL AWARD PROGRAMS

To the Board of Directors
Youth Development Association, Inc.

We have audited the financial statements of Youth Development Association, Inc. (YDA), as of and for the year ended June 30, 1998 and have issued our report thereon dated December 14, 1998.

We have also audited YDA's compliance with the requirements governing types of services allowed or unallowed; eligibility; matching; level of effort; co-sponsorship; reporting; claims for advances and reimbursements; and amounts claimed or used for matching that are applicable to its major federal award program, which is identified in the accompanying Schedule of Federal Financial Award, for the year ended June 30, 1998. The management of YDA is responsible for the YDA's compliance with those requirements. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

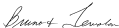
We conducted our audit of compliance with those requirements in accordance with generally accepted auditing standards (Government Auditing Standards, issued by the Comptroller General of the United States; and Office of Management and Budget Circular A-133, Audit of Institutions of Higher Education and Other Nonprofit Institutions. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to in the second paragraph occurred. An audit includes examining, on a test basis, evidence about YDA's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH SPECIFIC REQUIREMENTS APPLICABLE TO MAJOR
FEDERAL FINANCIAL AID PROGRAMS
(CONTINUED)**

The results of our audit procedures disclosed immaterial instances of noncompliance with the requirements referred to in the second paragraph, which are described in the accompanying Schedule of Findings, Recommendations and Management's Responses. We considered these instances of noncompliance in forming our opinion on compliance, which is expressed in the following paragraph.

In our opinion YSA complied, in all material respects, with the specific requirements referred to in the second paragraph that are applicable to its major Federal program for the year ended June 30, 1996.

This report is intended for the information of the Board of Directors, management, and its regulatory agencies. By provision of State law, this report is a public document, and its distribution is not limited upon acceptance by YSA.



BRUNO & TERVALON
CERTIFIED PUBLIC ACCOUNTANTS

December 16, 1996

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH SPECIFIC REQUIREMENTS APPLICABLE TO
NORMAL FEDERAL FINANCIAL AWARD PROGRAM TRANSACTIONS**

To the Board of Directors
Youth Development Association, Inc.

We have audited the financial statements of Youth Development Association, Inc. (YDA) as of and for the year ended, and have issued our report thereon dated December 18, 1996.

In connection with our audit of the financial statements of YDA and with our consideration of control structure used to administer federal award programs, as required by Office of Management and Budget Circular A-133, Audits of Institutions of Higher Education and Other Nonprofit Institutions, we selected certain transactions applicable to the nonmajor federal award program for the year ended June 30, 1996.

As required by OMB Circular A-133, we have performed auditing procedures to test compliance with the requirements governing types of services allowed or unallowed that are applicable to those transactions. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on YDA's compliance with these requirements. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that YDA had not complied, in all material respects, with those requirements. However, the results of our procedures disclosed immaterial instances of noncompliance with those requirements, which are described in the accompanying schedule of findings, recommendations and management's responses.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH SPECIFIC REQUIREMENTS APPLICABLE TO
BONAFIDE FEDERAL FINANCIAL AID PROGRAM TRANSACTIONS
(CONTINUED)

This report is intended for the information of the Board of Directors, management and its regulatory agencies. By provision of State law, this report is a public document, and its distribution is not limited upon acceptance by YIA.



BRUNO & TERVALON
CERTIFIED PUBLIC ACCOUNTANTS

December 16, 1990

YOUTH DEVELOPMENT ASSOCIATION, INC.
SCHEDULE OF FINDINGS, RECOMMENDATIONS
AND MANAGEMENT'S RESPONSES

FINDING 1 --	<u>NO FORMAL DRUG-FREE WORK PLACE POLICY</u>	<u>QUESTIONED-COST</u>
		\$000

Condition

The Drug-Free Workplace Act requires among other things, that YDA establish a formal policy as well as an on-going drug free awareness program in compliance with the requirements of the Act.

Recommendation

We recommend that YDA insure compliance with the specific requirements of the Act.

Management's Response

YDA has a drug-free policy. However, the necessary action will be undertaken to formalize the policy as well as comply with the requirements of the Act.

YOUTH DEVELOPMENT ASSOCIATION, INC.

SCHEDULE OF FINDINGS, RECOMMENDATIONS
AND MANAGEMENT'S RESPONSES, CONTINUED

FINDING B -- PERFORMANCE OF SERVICES QUESTIONED COST

5-2-

Condition

For five (5) participant files selected for review of program compliance, we were unable to ascertain enhancement in the participants educational competency as required by Section 11 of the contract with the State of Louisiana.

Recommendation

We recommend that all contractual requirements attained should be documented to facilitate verification of compliance.

Management's Response

YDA has established procedures to formalize the documentation of the participants educational competency enhancement.

YOUTH DEVELOPMENT ASSOCIATION, INC.

SCHEDULE OF FINDINGS, RECOMMENDATIONS
AND MANAGEMENT'S RESPONSES, CONTINUED

FINDING III -- VERIFICATION OF SERVICE AREA
 OF PARTICIPANTS _____ QUESTIONED COST

\$-00

Condition

Section II of the contractual agreement between YDA and the State of Louisiana requires that all participants reside in a given location to be eligible for program services.

Our review of five (5) participant files revealed the absence of the necessary information to support the service area requirement as dictated in the agreement.

Recommendation

We recommend compliance with the requirements of the contract agreement.

Management's Response

YDA will continue to secure the above information from its participants.

YOUTH DEVELOPMENT ASSOCIATION, INC.

**SCHEDULE OF FINDINGS, RECOMMENDATIONS
AND MANAGEMENT'S RESPONSES, CONTINUED**

**FINDING IV -- PARTICIPANT ELIGIBILITY
REQUIREMENTS**

QUESTIONED COST

\$0.00

Condition

For five (5) selected participant files reviewed, we noted the absence of required documents such as birth certificates, school attendance etc. as required by Section I of the contractual agreement between YDA and the State of Louisiana.

Recommendation

We recommend compliance with the requirements of the contractual agreement between YDA and the state of Louisiana.

Management's Response

YDA has established a procedure to require the maintenance of the referenced documents.

YOUTH DEVELOPMENT ASSOCIATION, INC.

EXIT CONFERENCE

An exit conference was held Tuesday, December 11, 1966. Those present were:

YOUTH DEVELOPMENT ASSOCIATION, INC.

Mr. Walter J. Mitchell, Jr. -- Executive Director
Ms. Tevry Arment -- Accountant

BRIND & THRYALON, CERTIFIED PUBLIC ACCOUNTANTS

Mr. Alcides J. Tervaio, Jr. -- Partner
Mr. Paul K. Ardoh -- Senior Manager
Ms. Chermine Jacobs -- In-Charge Accountant