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CONFIDENTIAL, INC.

Financial Statements  
and Independent Auditor's Report

June 30, 1997

(with Comparative Totals for 1996)

Under provisions of state law, this report is a public document. A copy of the report has been furnished to the audited, or reviewed, entity and other appropriate official offices. The report is available for public inspection at the Voters Group office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date: 8/11/97

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Confident, Inc.  
Baton Rouge, Louisiana

We have audited the accompanying statement of financial position of Confident, Inc., (a nonprofit organization) as of June 30, 1997, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization'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 Comptroller 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 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 Confident, Inc. as of June 30, 1997, and the changes in its net assets and its cash flows for the year ended June 30, 1997 in conformity with generally accepted accounting principles.

*Scalisi, Dennison, Myers & White (APC)*

October 29, 1997

Confidon, Inc.

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 1997  
(with comparative totals for 1996)

	1997			1996
	Unrestricted		Total	Total
	Operations	Fixed Assets		
<b>SUPPORT AND REVENUE (Note B-2)</b>				
Support:				
Grants and contracts	\$ 112,075	\$ 0	\$ 112,075	\$ 113,618
Contributions	725	0	725	518
Total support	112,800	0	112,800	114,136
Revenue:				
Consumer survey income	0	0	0	1,700
Miscellaneous	297	0	297	0
Registration fees	1,215	0	1,215	3,789
Total revenue	1,512	0	1,512	5,489
Total support and revenue	114,312	0	114,312	119,625
<b>EXPENSES:</b>				
Programs Services:				
Self-Help and Mutual Support	81,508	1,862	83,370	78,271
Support Services:				
General and administrative	52,127	1,162	53,289	47,870
Total expenses	133,635	2,924	136,559	126,141
Change in net assets	655	(2,924)	(1,669)	(8,482)
Net assets, beginning of year	12,882	9,800	22,682	30,189
<b>NET ASSETS END OF YEAR</b>	<b>\$ 13,537</b>	<b>\$ 7,432</b>	<b>\$ 21,029</b>	<b>\$ 21,689</b>

The accompanying notes are an integral part of this statement.

Confident, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 1997  
(with comparative totals for 1996)

	1997			(Miscellaneous Only)
	Program Services		Total	Total
	Self Help and Manual Support	General and Administrative		
Salaries	\$ 31,508	\$ 35,668	\$ 47,174	\$ 35,984
Payroll taxes and benefits	1,179	3,693	4,872	4,347
Health insurance	618	1,833	2,471	3,932
Total salaries and related expenses	33,305	41,194	54,517	44,263
Advertising	379	0	379	0
Contract labor	0	0	0	415
Contributions	28	0	28	0
Convention expense	31,709	0	31,709	31,882
Dues and subscriptions	0	162	162	0
Flowers and gifts	0	60	60	185
Miscellaneous	0	0	0	365
Insurance	213	643	856	150
Newsletter	493	0	493	0
Occupancy	2,768	2,768	5,536	5,135
Office expense	0	1,073	1,073	676
Professional and consulting	0	2,996	2,996	3,423
Supplies	0	2,082	2,082	2,158
Telephone	3,747	1,249	4,996	3,963
Travel and training	8,281	0	8,281	8,009
Total expenses before depreciation	61,380	52,197	113,577	123,843
Depreciation expense	1,182	1,182	2,324	2,189
Total expenses	\$ 62,562	\$ 53,379	\$ 115,901	\$ 126,032

The accompanying notes are an integral part of this statement.

Confident, Inc.

STATEMENT OF CASH FLOWS

For the Year Ended June 30, 1997  
(with comparative totals for 1996)

	(Amounts Only)	
	1997	1996
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Grants received	\$ 108,719	\$ 113,532
Contributions and revenue received	3,237	6,037
Cash paid for program services	(61,943)	(77,809)
Cash paid for support services	(31,433)	(17,812)
Net cash used in operating activities (Note E)	(14,420)	(6,052)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of certificate of deposit	(1,000)	0
Purchase of fixed assets	0	(1,000)
Net cash used in investing activities	(1,000)	(1,000)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(15,420)	(7,052)
<b>CASH AND CASH EQUIVALENTS - JUNE 30, 1996</b>	<u>5,881</u>	<u>12,933</u>
<b>CASH AND CASH EQUIVALENTS - JUNE 30, 1997</b>	<u>\$ 2,461</u>	<u>\$ 5,881</u>

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

MCALINE, HENNINGSEN, STEIN & WHITE (A/P/C)  
LAWYERS CHARLESTON, SOUTH CAROLINA

Confident, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 1987

NOTE A - ORGANIZATION AND NATURE OF ACTIVITIES

Confident, Inc. is a non-profit mental health consumer advocacy organization which operates statewide. Confident, Inc. coordinates programs with individual drop-in centers that are located in various parts of the state. These programs provide activities of social, recreational, educational activities for consumers of mental health services. Once a year Confident, Inc. hosts a state conference for all the individual drop-in centers.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Property and equipment

Property and equipment is stated at cost. Depreciation is provided over the estimated useful lives of the assets using the straight-line method. Depreciation amounted to \$2,324 for the year ended June 30, 1987, and is calculated on the straight-line method based on the estimated useful lives below:

Equipment	3 years
Furniture	7 years

The organization follows the practice of capitalizing all expenditures for property and equipment in excess of \$100.

2. Revenue recognition

Revenue from state and federal grants is recorded based on expenses incurred since these grants are on a cost reimbursement basis.

3. Income tax status

Confident, Inc. was incorporated under the laws of the State of Louisiana on February 7, 1982. The corporation is operated exclusively for charitable and educational services and has qualified for the exemption from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the organization has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the code.

Confident, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 1997

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4. Use of Estimates

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

NOTE C - CHANGES IN PROPERTY AND EQUIPMENT

Office Equipment, beginning of period	\$ 13,722
Purchases of Office Equipment - at cost	_____0
Office Equipment, end of period	\$ 13,722

NOTE D - COMPENSATED ABSENCES

Employees of Confident, Inc. are entitled to paid vacation, paid sick days and personal days off depending on job classification, length of service and other factors. The value of these compensated absences was not recorded due to their immateriality. The organization's policy is to recognize the costs of these compensated absences when actually paid to employees.

NOTE E - STATEMENTS OF CASH FLOWS

Reconciliation of change in net assets to net cash used in operating activities:

Change in net assets	\$ (1,699)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	2,724
Net increase in grants receivable	(1,799)
Net increase in accounts payable	1,886
Net decrease in payroll taxes payable	(1,322)
Net cash used in operating activities	\$ (2,900)

For purposes of the statement of cash flows, cash equivalents include all highly liquid debt instruments with original maturities of three months or less.

SUPPLEMENTAL INFORMATION

**SCALES, DENNISON, BYERS & WHITE (A/P/C)**

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QUALITY OF SERVICE  
CERTIFIED PUBLIC ACCOUNTANTS

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

**Board of Directors  
Confident, Inc.  
Baton Rouge, Louisiana**

We have audited the financial statements of Confident, Inc., (a nonprofit organization) as of and for the year ended June 30, 1997, and have issued our report thereon dated October 29, 1997.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller 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.

The management of Confident, Inc. 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, 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 federal 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.

In planning and performing our audit of the financial statements of Confident, Inc. for the year ended June 30, 1997, we obtained an understanding of the internal control structure. With respect to the internal control structure, 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 in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

We noted certain matters involving the 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 relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the Organization's ability to administer federal award programs in accordance with applicable laws and regulations.

We noted that the organization requested reimbursement twice for the same invoice in a few instances.

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 award program 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 structure policies and procedures used in administering federal awards would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe that some of the reportable conditions described above is a material weakness.

We also noted other matters involving the internal control structure and its operation that we have reported to the management of Confident, Inc. in a separate letter dated October 29, 1997.

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

*Sealain, Hennison, Myers & White (AIC)*

October 29, 1997

**SCALISE, DENNISON, MYERS & WHITE (AIPC)**

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board Directors  
Confident, Inc.  
Baton Rouge, Louisiana

We have audited the financial statements of Confident, Inc. (a nonprofit organization) as of and for the year ended June 30, 1997, and have issued our report thereon dated October 29, 1997.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller 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.

Compliance with laws, regulations, contracts, and grants applicable to Confident, Inc. is the responsibility of Confident, Inc.'s management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of Confident, Inc.'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.

The results of our test disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

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

*Scalise, Dennison, Myers & White (AIPC)*

October 29, 1997

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INDEPENDENT AUDITOR'S REPORT ON  
SCHEDULE OF FEDERAL AWARDS

Board Directors  
Confident, Inc.  
Barnes Kropf, Louisville

We have audited the financial statements of Confident, Inc. (a nonprofit organization) as of and for the year ended June 30, 1997, and have issued our report thereon dated October 28, 1997. Those financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller 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 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.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of Confident, Inc. taken as a whole. The accompanying Schedule of Federal Awards 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 auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

*Scalar, Dennison, Myers & White (A)PC*

October 28, 1997

Confident, Inc.

SCHEDULE OF FEDERAL AWARDS

For the year ended June 30, 1997

Federal Grant/ Pass-through Program Title	Federal CFDA Number	Agency or Pass-through Number	Program or Award Amount	Accrued Revenue at July 1, 1996	Receipts or Revenues Recognized	Federal Substantive/ Expenditures	Accrued Revenue at June 30, 1997
Pass-through from Louisiana Department of Health and Human Services Social Services	93.118	DE094 98140	\$ 92,386	\$ 4,251	\$ 76,319	\$ 76,038	\$ 1,764
Social Services (State Conference)	93.118	DE094 98152	32,000	6,000	32,000	31,845	5,940
Developmental Disability	93.118	DE094 98147	—	—	—	—	—
			\$124,386	\$10,251	\$108,319	\$107,883	\$13,704

BEALLER, DENNENBERG, MYERS & WHITE (A/P/C)  
LAKE CHARLES, LOUISIANA

The accompanying notes are an integral part of this statement.

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 1997

CURRENT YEAR FINDINGS

## Department of Health and Human Services

1. Social Services - CPDA 90 110;  
 Grant No. 110-300214 501-01 MH 97-25-448;  
 Grant Period - year ended June 30, 1997

**Statement of Condition:** A few disbursements were submitted for reimbursement twice and reimbursed both times.

Submitted for Reimbursement on Report's Date		
12/15/96 & 01/31/97	Check No. 404 100396 LA Workers Compensation (Insurance)	\$ 285
11/09/96 & 01/01/97	Check No. 452 110196 AT & T (Telephone)	\$ 453
02/18/97 & 03/11/97	Check No. 531 201997 Bank One (Payroll Taxes)	\$ 820
	<b>Questioned Costs</b>	<b>\$ 1,628</b>

**Criteria:** Approved costs are eligible for reimbursement once per actual occurrence.

**Cause of Condition:** The duplication of costs submitted was caused by an inadvertent oversight of the office staff.

**Recommendation:** Procedures should be established that provide assurance that the eligible costs will be submitted for reimbursement only once.

**Response:** We will repay the excess reimbursement and monitor our requests more carefully to insure this doesn't happen again.

**Total Questioned Costs**

\$ 1,628

The accompanying notes are an integral part of this statement.

# SCALISE, DENNISON, MYERS & WHITE (APC)

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SOCIETY OF LOUISIANA  
CONFIDENT PUBLIC ACCOUNTANTS

Board of Directors  
Confident, Inc.  
Baton Rouge, Louisiana

We have audited the financial statements of Confident, Inc. as of and for the year ended June 30, 1997, and have issued our report thereon dated October 28, 1997. As part of our audit, we made a study and evaluation of Confident, Inc.'s system of internal accounting control to the extent we considered necessary to evaluate the system as required by generally accepted auditing standards. The purpose of our study and evaluation was to determine the nature, timing, and extent of the auditing procedures necessary for expressing an opinion on Confident, Inc.'s financial statements. Our study and evaluation was more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole.

The management of Confident, Inc. is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system 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 the inherent limitations in any system of internal accounting control, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

In our opinion, the system of internal accounting control of Confident, Inc. was sufficient to meet the objectives stated above insofar as these objectives pertain to the prevention or detection of errors or irregularities in accounts that would be material in relation to the financial statements.

However, we did note several areas which we feel warrant comment:

Confident, Inc.  
Page 2

Last year, we recommended that the documentation of approval for disbursements and the filing of invoices be improved. This recommendation was implemented during the current year.

Last year, we also noted that disbursements totaling \$16,627.50 were not submitted on the cost reimbursement reports because the available grant was less than the actual expenditures incurred. We recommended that management review their budgeting process and watch expenditures closely to help avoid this problem in the future. This recommendation was also implemented during the current year.

This year, we found a few instances where the same disbursement was requested for reimbursement twice. We recommend and management agrees that procedures need to be established to avoid this in the future.

These conditions were considered in determining the nature, timing and extent of the tests to be applied in our examination of the June 30, 1997 financial statements and this report does not affect our report on these financial statements dated October 20, 1997.

*Scott J. Dornison, Myers & White (APC)*

October 20, 1997