

Purchases: Although the Organization received three bids on equipment purchased, they did not place an advertisement for those bids on a purchase of a computer system that cost over \$10,000.

We recommend that the Organization advertise bids for all purchases in excess of \$10,000 as required by the term of the grant.

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

Penny, Powell & Company

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December 11, 1994

- Accounting and Auditing
- Cost Accounting
- Internal Management Systems
- Business Information Planning
- Tax Management Planning
 - Personal & Financial
 - Corporate & Estate Plans

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH SPECIFIC REQUIREMENTS APPLICABLE TO
NONMAJOR FEDERAL PROGRAM TRANSACTIONS**

To Positive Forces Counseling Network, Inc.
Monroe, Louisiana

We have audited the financial statements of Positive Forces Counseling Network, Inc. as of June 30, 1994, and from November 27, 1995 (date of inception) to June 30, 1994, and have issued our report thereon dated December 11, 1994.

In connection with our audit of the June 30, 1994 financial statements of Positive Forces Counseling Network, Inc. and with our consideration of the organization's internal control structure used to administer federal programs, as required by Office of Management and Budget (OMB) Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Institutions," we selected certain transactions applicable to certain nonmajor federal programs from November 27, 1995 (date of inception) to June 30, 1994. As required by OMB Circular A-133, we have performed auditing procedures to test compliance with requirements governing services allowed or unallowed, eligibility, reporting, matching, facility licensing standards, cost allocation, and claims for reimbursement 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 the organization's compliance with these requirements. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of our procedures disclosed no material instances of noncompliance with the requirements listed in the preceding paragraph. With respect to the items not tested, nothing came to our attention that caused us to believe Positive Forces Counseling Network, Inc. had not complied, in all material respects, with these requirements. However, the results of our procedures disclosed immaterial instances of noncompliance with those requirements, which are described in the accompanying Schedule of Findings on Questioned Costs.

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 awards 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 procedure may deteriorate.

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

Internal Accounting Controls (All Programs)

Cash Receipts	Payroll
Purchasing/Receiving	Property and Equipment
Accounts Payable	General Ledger
Cash Disbursements	

General and Specific Administrative Controls Used in Administering Financial Assistance Programs

Political Activity	Cost Allocation
Reporting	Drug-Free Workplace
Civil Rights	Allowable Costs
Services Allowed	Administrative Requirements
Facility Licensing Standards	Cash Management

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

From November 27, 1995 (date of inception) to June 30, 1996, Positive Forces Counseling Network, Inc. expended 100% of its total federal awards under nonmajor programs, as detailed on page 24.

We performed tests of controls, as required by OMB Circular A-133, 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 and amounts claimed or used for matching that are applicable to the aforementioned nonmajor programs. 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.



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December 11, 1996

- Accounting and Auditing
- U.S. Tax
- Non-Profit Organizations
- Business And Finance Planning
- Estate Planning
- Insurance & Investments
- Corporate Law Issues

**INDEPENDENT AUDITORS' REPORT
ON THE INTERNAL CONTROL STRUCTURE
USED IN ADMINISTERING FEDERAL AWARDS**

To Positive Forces Counseling Network, Inc.
Monroe, Louisiana

We have audited the financial statements of Positive Forces Counseling Network, Inc. as of June 30, 1996, and from November 27, 1995 (date of inception) to June 30, 1996, and have issued our report thereon dated December 11, 1996. We have also audited the organization's compliance with requirements applicable to federal programs, and have issued our report thereon dated December 11, 1996.

We conducted our audits 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 (OMB) Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Institutions." These standards and 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 the Organization complied with laws and regulations, noncompliance with which would be material to a federal program.

In planning and performing our audit for the year ended June 30, 1996, we considered Positive Forces Counseling Network, Inc.'s internal control structure in order to determine our auditing procedures for the purpose of expressing our opinions on the Organization's financial statements and on its compliance with requirements applicable to federal programs and to report on the 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 programs. We have addressed policies and procedures relevant to our audit of the financial statements in a separate report dated December 11, 1996.

The management of Positive Forces Counseling Network, Inc. is responsible for establishing and maintaining an internal control system. In fulfilling this responsibility, estimates and judgments by

We recommend, in order to provide guidance to employees and avoid un reimbursable travel expense, that the Organization provide a written policy to all employees of travel policies.

A material weakness is a reportable condition in which the design or operation of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure 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 none of the reportable conditions described above is a material weakness.

This report is intended for the use of management and the Legislative Auditor of the State of Louisiana. This restriction is not intended to limit the distribution of this report which is a matter of public record.

Ferry, Powell & Company

FERRY, POWELL & COMPANY
A PROFESSIONAL ACCOUNTING CORPORATION

In planning and performing our audit of the financial statements of Positive Forces Counseling Network, Inc., from November 27, 1995 (date of inception) to June 30, 1996, 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 entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

1. **Petty Cash:** During the year, the Organization maintained a petty cash fund which at times was not secured and was not periodically reconciled by one person responsible for the funds.

We recommend and management has already implemented securing petty cash in a locked area with one person responsible for the funds. Additionally, we recommend that petty cash be reconciled on a monthly basis on an impress system with a balance sufficient for that month.

2. **Check signing:** The Organization changed its policy to require only one signature on checks.

We recommend two signatures on all checks.

3. **Fixed Assets:** It was found that the Organization does not tag fixed assets inventory.

In order to maintain a better control over fixed assets, we recommend that the Organization tag all fixed assets and list the tag numbers on their fixed asset inventory list.

4. **Segregation of Duties:** The Organization utilizes one person to input accounting records, reconcile bank accounts, receive and open mail, and deposit receipts.

We recommend that the Organization assign another employee to open mail and reconcile bank accounts, which would provide the Organization with more control in detecting errors and irregularities.

5. **Travel Policy:** The Organization does not maintain a formal written travel policy.



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Member of Institute of CPAs

December 11, 1990

- Accounting and Auditing
- U.S. Audit
- Non-Profit Organizations
- Business and Financial Planning
- Tax Preparation & Planning
- Individual & Corporate
- Computerized Audit Trails

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

To the Directors
Positive Forces Counseling Network, Inc.
Monroe, Louisiana 71201

We have audited the financial statements of Positive Forces Counseling Network, Inc., as of June 30, 1990, and from November 27, 1985 (date of inception) to June 30, 1990, and have issued our report thereon dated December 21, 1990.

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 Positive Forces Counseling Network, 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, 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 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.

financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

In accordance with Government Auditing Standards, we have also issued a report dated December 11, 1996 on our consideration of Positive Forces Counseling Network, Inc.'s internal control structure and a report dated December 11, 1996 on its compliance with laws and regulations.

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Richard H. Perry, CPA,
Partner & Treasurer (Chair)
Orville J. Powell, CPA,

December 11, 1996

- Accounting and Auditing
- Real Estate
- Non-Profit Organizations
- Business And Financial Planning
- Tax Preparation & Planning
 - Individual & Corporate
 - Corporate & Real Estate

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Positive Forces Counseling Network, Inc.
Monroe, Louisiana 71201

We have audited the accompanying statement of financial position of the Positive Forces Counseling Network, Inc. as of June 30, 1996, and the related statements of activities, functional expenses and cash flows from November 27, 1995 (date of inception) to June 30, 1996. 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: Government Auditing Standards, issued by the Comptroller General of the United States; and the provisions of the Office of Management and Budget OMB Circular A-133, "Audits 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 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 Positive Forces Counseling Network, Inc., as of June 30, 1996, and the changes in its net assets and its cash flows from November 27, 1995 (date of inception) to June 30, 1996, in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the basic financial statements of Positive Forces Counseling Network, Inc. taken as a whole. The accompanying financial information listed as supplementary financial information in the table of contents and the accompanying Schedule of Federal Awards for the year ended June 30, 1996, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the

POSITIVE FORCES COUNSELING NETWORK, INC.
JUNE 30, 1994

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POSITIVE FORCES COUNSELING NETWORK, INC.
JUNE 30, 1994

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POSITIVE FORCES COUNSELING NETWORK, INC.
BONORE, LOUISIANA

FINANCIAL STATEMENTS
AND ADDITIONAL INFORMATION
FROM NOVEMBER 27, 1996 (DATE OF INCEPTION)
TO 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 reviewer, 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: MAR 14 1997

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

Perry, Powell & Company

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Richard A. Perry, CPA
Richard C. Thomas, CPA, (Ret.)
Clyde J. Wood, CPA

December 11, 1996

- Accounting and Auditing
- Tax & Estate
- Real Estate Appraisals
- Business and Financial Planning
- Tax Preparation & Planning
 - Individual & Partnership
 - Corporate & Real Estate

**INDEPENDENT AUDITORS' REPORT ON
COMPLIANCE WITH GENERAL REQUIREMENTS
APPLICABLE TO FEDERAL PROGRAMS**

To Positive Forces Counseling Network, Inc.
Monroe, Louisiana

We have audited the financial statements of Positive Forces Counseling Network, Inc. as of June 30, 1996, and from November 27, 1995 (date of inception) to June 30, 1996, and have issued our report thereon dated December 11, 1996.

We have applied procedures to test Positive Forces Counseling Network, Inc.'s compliance with the following requirements applicable to its federal programs, which are identified in the accompanying schedule of federal awards from November 27, 1995 (date of inception) to June 30, 1996: political activity, civil rights, cash management, reporting, drug-free workplace, allowable costs and administrative requirements.

Our procedures were limited to the applicable procedures described in the Office of Management and Budget's (OMB) Circular A-133, "Compliance Supplement for Audits of Institutions of Higher Learning and Other Non-Profit Institutions." Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on Positive Forces Counseling Network, Inc.'s compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion.

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 Positive Forces Counseling Network, Inc. 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 on Questioned Costs.

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

Perry, Powell & Company

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POSITIVE FORCES COUNSELING NETWORK, INC.
 STATEMENT OF FINANCIAL POSITION
 JUNE 30, 1996

ASSETS

Current Assets		
Cash	32,780	
Grants Receivable	<u>45,024</u>	
<u>TOTAL CURRENT ASSETS</u>		77,804
Fixed Assets		
Equipment	28,708	
Accumulated Depreciation	<u>(8,147)</u>	
<u>TOTAL FIXED ASSETS</u>		<u>20,561</u>
<u>TOTAL ASSETS</u>		<u>106,325</u>

LIABILITIES

Current Liabilities		
Accounts Payable	8,197	
Due to Officer	57,218	
GRANTS Payable	258	
Accrued Payroll Taxes	<u>4</u>	
<u>TOTAL CURRENT LIABILITIES</u>		<u>65,680</u>
<u>TOTAL LIABILITIES</u>		<u>65,680</u>

NET ASSETS

Unrestricted	<u>43,645</u>
<u>TOTAL NET ASSETS</u>	<u>43,645</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>106,325</u>

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

POSITIVE FORCES COUNSELING NETWORK, INC.
STATEMENT OF ACTIVITIES
FROM NOVEMBER 27, 1995 (DATE OF INCEPTION) TO JUNE 30, 1996

UNRESTRICTED NET ASSETS

Support		
Grants	124,135	
Contributions	<u>185</u>	
<u>TOTAL SUPPORT</u>		124,320
Revenues		
Fees		<u>3,110</u>
<u>TOTAL REVENUES</u>		<u>3,110</u>
<u>TOTAL SUPPORT AND REVENUES</u>		<u>128,430</u>

EXPENSES

Program Services	64,894	
Supporting Services	<u>17,891</u>	
<u>TOTAL EXPENSES</u>		<u>82,785</u>
<u>INCREASE IN UNRESTRICTED NET ASSETS</u>		<u>45,645</u>

<u>NET ASSETS AT BEGINNING OF YEAR</u>		<u>-0-</u>
<u>NET ASSETS AT END OF YEAR</u>		<u>45,645</u>

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

POSITIVE FORCES COUNSELING NETWORK, INC.
 STATEMENT OF FUNCTIONAL EXPENSES
 FROM NOVEMBER 27, 1985 (DATE OF INCEPTION) TO JUNE 30, 1986

	<u>MENTAL HEALTH COUNSELING SERVICES</u>	<u>GENERAL AND ADMINISTRATIVE</u>	<u>TOTAL</u>
Personal Services	34,721	11,570	46,291
Related Benefits	2,125	812	2,937
Travel	1,825	342	1,387
Operating Services	15,732	-	15,732
Supplies	8,843	3,804	12,647
Professional Services	1,827	422	2,249
Other	-	355	355
Total Expenditures			
Before Depreciation	65,183	18,855	82,038
Depreciation	821	236	1,057
<u>TOTAL EXPENSES</u>	<u>66,004</u>	<u>19,091</u>	<u>85,095</u>

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

POSITIVE FORCES COUNSELING NETWORK, INC.
 STATEMENT OF CASH FLOWS
 FROM NOVEMBER 27, 1995 (DATE OF INCEPTION) TO JUNE 30, 1996

<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	
Increase (Decrease) in Net Assets	42,645
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided (Used) by Operating Activities	
Depreciation	3,147
(Decrease) Increase in Operating Assets - Grants Receivable	(43,894)
Increase (Decrease) in Operating Liabilities - Accounts Payable	4,197
Grants Payable	358
Accrued Payroll Taxes	5
<u>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u>	5,248
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>	
Purchase of Fixed Assets	28,708
<u>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</u>	(28,708)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>	
Net Borrowings from Officer	27,219
<u>NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES</u>	27,219
<u>NET INCREASE (DECREASE) IN CASH</u>	37,760
<u>BEGINNING CASH AND CASH EQUIVALENTS</u>	-0-
<u>ENDING CASH AND CASH EQUIVALENTS</u>	37,760
<u>SUPPLEMENTAL CASH BASIS DATA</u>	
Interest Paid	574
Income Taxes Paid	-0-

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

POSITIVE FORCES COUNSELING NETWORK, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1994

NOTE 1 - Summary of Significant Accounting Policies

A. Statement of Presentation:

The accompanying financial statements conform to generally accepted accounting principles for not-for-profit organizations.

B. Organization:

The Organization provides counseling services to families and individuals who need assistance with mental, emotional, behavioral relationships or spiritual problems in Northeast Louisiana.

C. 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.

D. Cash and Cash Equivalents:

The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents for purposes of the statement of cash flows include permanently restricted cash and cash equivalents.

E. Budget Policy:

Budgets for various programs are prepared by the Organization and approved by grantor of the funds for each respective program. No budgets are prepared for the general fund.

F. Financial Statement Presentation:

The Organization reports information according in accordance with 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. In addition, the Organization is required to present a statement of cash flows.

POSITIVE FORCES COUNSELING NETWORK, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 1996

NOTE 1 - Summary of Significant Accounting Policies (Continued)

G. Contributions:

The Organization also reports information in accordance with SFAS No. 116, "Accounting for Contributions Received and Contributions Made", in 1995. In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

H. Cash in Bank:

All funds are in institutions insured by an agency of the Federal Government, the Federal Deposit Insurance Corporation.

I. Fixed Assets:

Fixed Assets are depreciated over their estimated useful lives using the straight line method.

NOTE 2 - Funding Policies and Sources of Funds

The Organization receives its monies through various methods of funding. Most of the funds are received from Louisiana Department of Health and Hospitals and Vocational Rehabilitation. The Organization also receives funds as a reimbursement of actual expenditures, and upon a per unit of service provided method. The Organization also receives funds by contributions from both public and private sources.

NOTE 3 - Accounts Receivable - Grants

Accounts receivable - grants at June 30, 1996, generally consists of reimbursements from the Department of Health and Hospitals for expenditures incurred under the grant program.

The reserve for bad debts is zero.

NOTE 4 - Board of Directors' Compensation

The board of directors is a voluntary board; therefore, no compensation has been paid to any member.

POSITIVE FORCES COUNSELING NETWORK, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 1978

NOTE 5 - In-Kind Contributions

The Organization received various in-kind contributions during the year from private and public sources. The value of donated volunteer services is not reflected in the accompanying financial statements since there is no objective basis available by which to measure the value of such services.

NOTE 6 - Income Tax Status

The Organization has applied as a non-profit corporation and expects to be exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

NOTE 7 - Changes in Fixed Assets

A summary of changes in fixed assets recorded at cost follows:

	Balance November 27, 1977	Acquisitions	Retirements	Balance June 30, 1978
Furniture & Equipment	-0-	19,788	-0-	19,788

The state of Louisiana maintains a reversionary right against fixed assets in the event the Organization wishes to dispose of assets or ceases operations.

NOTE 8 - Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

NOTE 9 - Fair Values of Financial Instruments

The Organization's financial instruments, none of which are held for trading purposes, include cash and a note payable. The Organization estimates that the fair value of all financial instruments at June 30, 1978 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of financial position.

SUPPORTING SCHEDULES

SCHEDULE J

POSITIVE FORCES CONSULTING NETWORK, INC.
 SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
 FROM NOVEMBER 27, 1999 (DATE OF INCEPTION) TO JUNE 30, 1999

<u>FEDERAL AGENCY/ FMS THROUGH WHICH PROGRAM TITLE</u>	<u>Federal Grant Number</u>	<u>Pass-Through Grant's Number</u>	<u>Program or Award Serial</u>	<u>Receipts or Expense Recognized</u>	<u>Disbursement/ Appropriation</u>
<u>Passed Through From State of Kentucky</u>					
Child/Youth Services Block Grant	90-938	N/A	36,138	<u>21,252</u>	<u>25,591</u>
Block Grant	90-938	N/A	90,698	<u>18,712</u>	<u>69,698</u>

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

POSITIVE FORCES COUNSELING NETWORK, INC.
 STATEMENT OF REVENUE AND EXPENDITURES - BY GRANTOR
 FROM NOVEMBER 27, 1982 (DATE OF INCEPTION) TO JUNE 30, 1986

	CONTRACT 87224	CONTRACT 88135	CONTRACT 88136	TOTAL
Personal Services	10,250	10,471	25,561	46,282
Related Benefits	883	852	1,884	3,617
Travel	1,223	65	76	1,364
Operating Services	2,343	2,858	18,819	24,020
Supplies	1,579	5,000	4,671	11,250
Professional Services	-	845	1,760	2,605
Capital Assets	* 88	4,693	25,108	29,889
<u>TOTAL EXPENDITURES</u>	<u>16,186</u>	<u>25,985</u>	<u>85,997</u>	<u>128,168</u>

* Not Capitalized

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

POSITIVE FORCED COUNSELING NETWORK, INC.
COMPENSATION TO BOARD MEMBERS
FROM NOVEMBER 27, 1995 (DATE OF INCEPTION) TO JUNE 30, 1996

No compensation was paid any board member during the year under audit.

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

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POSITIVE FORCE'S COUNSELING NETWORK, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FROM NOVEMBER 27, 1985 (DATE OF RECEIPTION) TO JUNE 30, 1986

Purchases: Although the Organization received three bids on equipment purchased, they did not place an advertisement for those bids on a purchase of a computer system that cost over \$10,000.

We recommend that the Organization advertise bids for all purchases in excess of \$10,000 as required by the term of the grant.

Political Policy: The Organization doesn't maintain a formal written policy prohibiting employees from political activities.

We recommend that the Organization adopt a written policy prohibiting employees from participation in political activities during office hours.

No supporting documentation could be found for the following:

<u>DATE</u>	<u>CHECK</u>	<u>PAID TO</u>	<u>AMOUNT</u>
6-27-86	1131	Maibe Pickering	50.00

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

POSITIVE FORCES COUNSELING NETWORK, INC.
FINDINGS, RECOMMENDATIONS, AND CORRECTIVE ACTIONS - CURRENT YEAR
FROM NOVEMBER 27, 1995 (DATE OF INCEPTION) TO JUNE 30, 1996

Findings: Petty cash did not have adequate controls.

Criteria: Petty cash should be safeguarded in a secure location.

Cause: Petty cash was accessible to individuals other than the custodian of the funds.

Effect: Petty cash was out of balance.

Recommendations: The Organization should assign an individual to be responsible for the safekeeping of petty cash and the funds should be locked in a secure location.

Reply: Already implemented.

Findings: Only one signature is required on written checks.

Criteria: Checks should require two signatures.

Cause: Inability to access second signature.

Effect: Could lead to errors not timely detected.

Recommendation: The Organization should require two signatures on all checks written.

Reply: Management agrees to require two signatures on all checks written.

Findings: Fixed assets were not tagged with identification numbers.

Criteria: Fixed assets should be safeguarded through proper identification and inventory counts.

Cause: Management was not aware that this control was needed.

Effect: Fixed assets could be lost or stolen and not timely discovered.

Recommendation: We recommend that all fixed assets be tagged with proper identification numbers and listed on inventory control sheets.

Reply: Management agrees to tag all fixed assets.

POSITIVE FORCES CONSULTING NETWORK, INC.
FINDINGS, RECOMMENDATIONS, AND CORRECTIVE ACTIONS - CURRENT YEAR
(CONTINUED)
FROM NOVEMBER 27, 1995 (DATE OF EXCEPTION) TO JUNE 30, 1996

Finding: One individual was responsible for the accounting records, reconciliation of bank accounts, deposits and mail.

Criteria: A proper segregation of duties should be maintained in the accounting system.

Cause: Not enough personnel to provide a segregation of duties.

Effect: Errors and irregularities could occur and not be discovered in a timely manner.

Recommendation: The Organization should assign a separate employee to receive mail and prepare bank reconciliations.

Reply: Management will assign someone other than the bookkeeper to open mail, and will have a board member reviewing and verifying all bank reconciliations.

Finding: The Organization does not maintain a written travel policy.

Criteria: A written travel policy should be distributed to all employees.

Cause: The Organization wasn't aware of this requirement.

Effect: The Organization could incur travel expenses that are not reimbursable by the state.

Recommendation: The organization should write a travel policy and distribute to employees.

Reply: Management will adopt written travel policies using guidelines of state of Louisiana travel policies.

Finding: The organization doesn't maintain a written policy prohibiting political activities.

Criteria: The Organization should maintain written policies informing employees of allowed and disallowed activity.

Cause: The Organization was unaware of requirements.

POSITIVE FORCES COUNSELING NETWORK, INC.
FINDINGS, RECOMMENDATIONS, AND CORRECTIVE ACTIONS - CURRENT YEAR
(CONTINUED)
FROM NOVEMBER 27, 1995 (DATE OF INCEPTION) TO JUNE 30, 1996

Effect: The Organization could lose state or federal funding if criteria aren't met.

Recommendations: The Organization should write a policy prohibiting political activities during working hours.

Reply: Management agrees to adopt such a policy.

Finding: Fixed asset purchases over \$10,000 were not properly advertised in the local paper prior to receiving bids.

Criteria: All purchases of fixed assets in excess of \$10,000 should be advertised for bid prior to accepting bids.

Cause: Management was unaware of requirements.

Effect: State or federal funds could be disallowed.

Recommendations: The Organization should place an ad for all purchases in excess of \$10,000.

Reply: Management did obtain written quotes from several different vendors to obtain the best contract. Management agrees to advertise all future purchases requiring a bid.

POSITIVE FORCES COUNSELING NETWORK, INC.

Exit conference

JUNE 28, 1996

An exit conference was held on December 28, 1996 at the administrative office of Positive Forces Counseling Network, Inc. in Monroe, Louisiana. Mr. Rowland Perry, CPA represented the auditors, and the Executive Director and Accountant represented the Organization.

We reported that we did not discover any material weaknesses in internal control but did discover minor weaknesses in internal control. We did not discover any instances of non-compliance with state laws. Such findings have been reported on pages 4, 8, 10, 27.

The Executive Director and Accountant received our findings and recommendations favorably and have taken action to implement the recommendations.



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Richard H. Perry, CPA
Perry & Thomas, CPA, (Ret.)
Curtis J. Powell, CPA

December 31, 1996

- Accounting And Auditing
- R.S.S. audits
- Accounting Reorganizations
- Business And Financial Planning
- Tax Preparation & Planning
 - Individual & Partnership
 - Corporate & Real Estate

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

To Positive Forces Counseling Network, Inc.
Monroe, Louisiana

We have audited the financial statements of Positive Forces Counseling Network, Inc. as of June 30, 1996, and from November 27, 1995 (date of inception) to June 30, 1996, and have issued our report thereon dated December 31, 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. 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 Positive Forces Counseling Network, Inc. is the responsibility of Positive Forces Counseling Network, Inc.'s management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of Positive Forces Counseling Network, 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 tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

However, we noted the following immaterial instances of noncompliance.

Political Policy: The Organization doesn't maintain a formal written policy prohibiting employees from political activities.

We recommend that the Organization adopt a written policy prohibiting employees from participation in political activities during office hours.

Our consideration of the internal control structure 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 none of the reportable conditions described above is a material weakness.

This report is intended for the information of management and the legislative auditor of the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

Ferry, Powell & Company
FERRY, POWELL & COMPANY
A PROFESSIONAL ACCOUNTING CORPORATION

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.

1. **Petty Cash:** During the year, the Organization maintained a petty cash fund which at times was not secured and was not periodically reconciled by one person responsible for the funds.

We recommend and management has already implemented securing petty cash in a locked area with one person responsible for the funds. Additionally, we recommend that petty cash be reconciled on a monthly basis on an imprest system with a balance sufficient for that month.

2. **Check Signing:** The Organization changed its policy to require only one signature on checks.

We recommend two signatures on all checks.

3. **Fixed Assets:** It was found that the Organization does not tag fixed assets inventory.

In order to maintain a better control over fixed assets, we recommend that the Organization tag all fixed assets and list the tag numbers on their fixed asset inventory list.

4. **Segregation of duties:** The Organization utilizes one person to input accounting records, reconcile bank accounts, receive and open mail, and deposit receipts.

We recommend that the Organization assign another employee to open mail and reconcile bank accounts, which would provide the Organization with more control in detecting errors and irregularities.

5. **Travel Policy:** The Organization does not maintain a formal written travel policy.

We recommend, in order to provide guidance to employees and avoid unreimbursable travel expenses, that the Organization provide a written policy to all employees of travel policies.

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 of risk that noncompliance with laws and regulations that would be material to a federal program may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.