

POSITIVE FORCES COUNSELING NETWORK, INC.
EXIT CONFERENCE
JUNE 30, 1987

An exit conference was held on November 21, 1987 at the administrative office of Positive Forces Counseling Network, Inc. in Monroe, Louisiana. Mr. Scotland 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 and 5.

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

POSITIVE FORCES COUNSELING NETWORK, INC.
CORRECTIVE ACTION TAKEN ON PRIOR YEAR AUDIT FINDINGS (CONTINUED)
JUNE 30, 1997

SECTION TWO - COMPLIANCE

Prior Year Finding/Noncompliance:

The organization did not maintain a written policy prohibiting political activities.

Corrective Action:

The organization adopted a policy prohibiting political activities.

Prior Year Finding/Noncompliance:

The Organization did not properly advertise to receive bids for purchases over \$10,000.

Corrective Action:

Management agreed to advertise for bid all future purchases over \$10,000.

POSITIVE FORCES COUNSELING NETWORK, INC.
CORRECTIVE ACTION TAKEN ON PRIOR YEAR AUDIT FINDINGS
JUNE 30, 1997

SECTION ONE - INTERNAL CONTROLS

Prior Year Finding/Noncompliance:

Petty cash did not have adequate controls.

Corrective Action:

The Executive Director maintained, accounted for, and safeguarded petty cash.

Prior Year Finding/Noncompliance:

One signature was required on checks.

Corrective Action:

The Organization now requires two signatures on checks.

Prior Year Finding/Noncompliance:

Fixed assets were not tagged.

Corrective Action:

The Organization tagged all fixed assets.

Prior Year Finding/Noncompliance:

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

Corrective Action:

The Executive Director opens mail and reconciles the bank statements, and a board member reviews the reconciliation.

Prior Year Finding/Noncompliance:

The Organization did not maintain a written travel policy.

Corrective Action:

The Organization adopted a travel policy.

POSITIVE FORCES COUNSELING NETWORK, INC.
FINDINGS, RECOMMENDATIONS, AND CORRECTIVE ACTIONS - CURRENT YEAR
JUNE 30, 1997

CORRECTIVE ACTION PLAN - INTERNAL CONTROL

Finding: Petty cash was commingled with cash receipts from services.

Criteria: Petty cash and cash receipts should be separately maintained.

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

Effect: Receipts could be improperly coded or lost.

Recommendation: Receipts from services should be kept separate and deposited on a regular basis.

Reply: Management agrees to implement the recommendation.

Finding: Invoices are not always marked paid.

Criteria: Invoices should be marked paid at the time of payment.

Cause: Lack of and changes in personnel.

Effect: Invoices could be paid twice.

Recommendation: Management should assign one individual to mark invoices as checks are written.

Reply: Management agrees to implement the recommendation.

Finding: Form I-9s were not properly filled out.

Criteria: Personnel information should be completed by new employees at the time of hire.

Cause: Management was not aware of the requirement for Form I-9s.

Effect: Incorrect information or ineligible employees could be hired.

Recommendation: We recommend that payroll information be received at the time of hire and annually reviewed.

Reply: Management agrees with this recommendation.

POSITIVE FORCES COUNSELING NETWORK, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CURRENT YEAR
JUNE 30, 1997

No compliance or questioned costs came to our attention during the year.

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

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POSITIVE FORCECS COUNSELING NETWORK, INC.
COMPENSATION TO BOARD MEMBERS
JUNE 30, 1997

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

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

POSITIVE FORCES COUNSELING NETWORK, INC.
 STATEMENT OF EXPENDITURES - BY GRANTEE
 JUNE 30, 1993

	<u>CONTRACT</u> <u>58498</u>	<u>CONTRACT</u> <u>58519</u>	<u>CONTRACT</u> <u>58358</u>	<u>TOTAL</u>
Personal Services	80,915	31,000	21,800	133,440
Related Benefits	7,885	3,292	2,164	13,361
Travel	608	258	200	1,056
Operating Services	19,974	4,489	3,530	27,963
Supplies	2,908	4,970	803	8,723
Professional Services	3,000	1,300	1,450	4,770
Capital Assets	-	-	-	-
Administration	13,713	8,514	3,607	25,836
<u>TOTAL EXPENDITURES</u>	<u>123,988</u>	<u>81,493</u>	<u>33,660</u>	<u>239,141</u>

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

SUPPORTING SCHEDULE

POSITIVE FORCES COUNSELING NETWORK, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 1997

NOTE 12 - Commitments

The Organization leases office space for \$775 per month on a one year lease ending June 30, 1997.

NOTE 13 - Functional Allocation of Expenses

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

NOTE 14 - Retirement Plan

All employees are covered under the social security program. No other retirement plan is maintained.

POSITIVE FORCES COUNSELING NETWORK, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 1997

NOTE 7 - Changes in Fixed Assets

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

	Balance June 30, 1996	Additions	Retirements	Balance June 30, 1997
Furniture & Equipment	29,700	-	-	29,700

The state of Louisiana maintains a revisionary 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 10 - 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, 1997 does not differ materially from the aggregate carrying values of all financial instruments recorded in the accompanying statement of financial position.

NOTE 11 - Related Party Transactions

The Organization receives its revenue on a cost reimbursement method from the Department of Health and Hospitals (DHH). In order to establish cash flow, the Executive Director loaned money or made direct purchases on behalf of the Organization which is to be repaid to the Executive Director as costs are reimbursed from DHH. Additionally, the Organization pays interest directly to the bank from which the Executive Director borrowed for the initial loan. At June 30, 1997, the Organization owed the Executive Director \$10,154.

Additionally, the Executive Director leases office space from Positive Forces Counseling Network, Inc. at \$100 per month for her personal use of office space for her private practice.

POSITIVE FORCE'S COUNSELING NETWORK, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 1997

NOTE 1 - Summary of Significant Accounting Policies (Continued)

G. Cash in Bank:

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

H. 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, 1997, 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.

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 nonprofit corporation and expects to be exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

POSITIVE FORCES COUNSELING NETWORK, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1997

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 Northwest 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 exclude 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. Contributions:

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

POSITIVE FORCE CONSULTING NETWORK, INC.
STATEMENT OF CASH FLOWS
JUNE 30, 1997

CASH FLOWS FROM OPERATING ACTIVITIES

Increase (Decrease) in Net Assets	1,948
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided (Used) by Operating Activities	
Depreciation	5,511
(Increased) Decrease in Operating Assets - Grants Receivable	14,700
Increase (Decrease) in Operating Liabilities - Accounts Payable	(4,852)
Grants Payable	4,153
Accrued Payroll Taxes	829
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	18,288

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of Fixed Assets	-
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	-

CASH FLOWS FROM FINANCING ACTIVITIES

Net Reduction Due from Officers	(42,243)
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	(42,243)
NET INCREASE (DECREASE) IN CASH	(23,955)

BEGINNING CASH AND CASH EQUIVALENTS

22,740

ENDING CASH AND CASH EQUIVALENTS

-2,985

SUPPLEMENTAL CASH FLOW DATA

Interest Paid	1,304
Income Taxes Paid	-0-

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

POSITIVE FORCES COUNSELING NETWORK, INC.
 STATEMENT OF FUNCTIONAL EXPENSES
 JUNE 30, 1997

	MENTAL HEALTH COUNSELING SERVICES	GENERAL AND ADMINISTRATIVE	TOTAL
Personal Services	134,841	9,078	143,919
Related Benefits	13,361	988	14,349
Travel	1,056	-	1,056
Operating Services	27,863	11,746	39,609
Supplies	8,723	-	8,723
Professional Services	4,769	-	4,769
Total Expenditures			
Before Depreciation	190,313	21,822	212,135
Depreciation	4,842	862	5,704
<u>TOTAL EXPENSES</u>	<u>195,155</u>	<u>22,684</u>	<u>217,839</u>

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

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POSITIVE FORCES COUNSELING NETWORK, INC.
STATEMENT OF ACTIVITIES
JUNE 30, 1997

UNRESTRICTED NET ASSETS

Support

Grants

217,180

Contributions

743

TOTAL SUPPORT

217,923

Revenues

Fees

1,660

TOTAL REVENUES

1,660

TOTAL SUPPORT AND REVENUES

219,583

EXPENSES

Program Services

190,262

Supporting Services

22,229

TOTAL EXPENSES

212,491

INCREASE IN UNRESTRICTED NET ASSETS

7,092

NET ASSETS AT BEGINNING OF YEAR

82,845

NET ASSETS AT END OF YEAR

89,937

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

POSITIVE FORCES CONSULTING NETWORK, INC.
STATEMENT OF FINANCIAL POSITION
June 30, 1987

ASSETS

Current Assets

Cash 3,983
Grants Receivable 10,384

TOTAL CURRENT ASSETS 34,367

Fixed Assets

Equipment 29,700
Accumulated Depreciation (6,426)

TOTAL FIXED ASSETS 23,274

TOTAL ASSETS 57,641

LIABILITIES

Current Liabilities

Accounts Payable 1,345
Due to officer 10,198
Grants Payable 4,411
Accrued Payroll Taxes 832

TOTAL CURRENT LIABILITIES 16,686

TOTAL LIABILITIES 16,686

NET ASSETS

Unrestricted 40,955

TOTAL NET ASSETS 40,955

TOTAL LIABILITIES AND NET ASSETS 57,641

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



Richard Perry, CPA
James E. Thomas, CPA (Ret.)

Gayle Perry, CPA
Paul Hedges, CPA

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September 26, 1997

**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. (a nonprofit organization) as of June 30, 1997 and for the year then ended, and have issued our report thereon dated September 26, 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 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.

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.

James E. Thomas

PERRY & COMPANY
A PROFESSIONAL ACCOUNTING CORPORATION

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.

Larry J. Conway

PERRY & CONWAY
A PROFESSIONAL ACCOUNTING CORPORATION

In planning and performing our audit of the financial statements of Executive Process Counseling Network, 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 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 commingled petty cash with cash receipts from services.

We recommend that receipts from services be deposited directly into the bank.

2. Invoices: It was found that not all invoices are marked paid when payment is made.

We recommend that all invoices be marked paid in order to prevent duplicate payments.

3. Payroll: During the year the payroll files did not maintain Form I-9.

We recommend that the Organization complete Form I-9 information for each employee and review payroll files to assure all other information is current.

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 accounts 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.



Richard H. Perry, CPA
Norman B. Smith, CPA (DEC)

City: Monroe, LA
State: Louisiana, LA

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September 26, 1997

**INDEPENDENT AUDITORS' REPORT ON THE
INTERNAL CONTROL STRUCTURE BASED ON AN
AUDIT 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. (a nonprofit organization) as of June 30, 1997 and for the year then ended, and have issued our report thereon dated September 26, 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 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.

In accordance with Government Auditing Standards, we have also issued a report dated September 26, 1997 on our consideration of Positive Forces Counseling Network, Inc.'s internal control structure and a report dated September 26, 1997 on its compliance with laws and regulations.

Perry & Company
PERRY & COMPANY

A PROFESSIONAL ACCOUNTING CORPORATION



Richard H. Perry, CPA
Raymond G. Thomas, CPA (Ret.)

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September 24, 1997

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statements of financial position of the Positive Forces Counseling Network, 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, Government Auditing Standards, issued by the Comptroller General of the United States. Those standards and GSA Circular 8-113 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, 1997, and the changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the basis 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 for the year ended June 30, 1997, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

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**POSITIVE FORCES COUNSELING NETWORK, INC.
MONROE, LOUISIANA**

**FINANCIAL STATEMENTS
AND ADDITIONAL INFORMATION
FOR THE TERM ENDED
JUNE 30, 1997**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the Auditor, for review, audit and certification by public officials. This report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date: JAN 21 1998

1/21/98
1/21/98