

INDEPENDENT AUDITERS' COMMENTS TO MANAGEMENT
(CONTINUED)

* * * * *

This letter does not affect our report dated October 10, 1987, on the financial statements of Family Advocacy and Neighborhood Services, Inc.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various corporation personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

Bruno & Tervalon
BRUNO & TERVALON
CERTIFIED PUBLIC ACCOUNTANTS

October 10, 1987

INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT
(CONTINUED)

RELATED PARTIES, CONTINUED

Recommendation

We recommend that the Corporation limit check signing responsibilities to authorized employees and members of the board of directors.

SUPPORT SERVICES

Currently, the Corporation does not have formal written procedures in place to allocate various costs between direct program services and support services.

Recommendation

We recommend that the Corporation establish formal written procedures to allocate expenses between direct program services and support services.

PETTY CASH

Currently, checks drawn to replenish the petty cash fund are made payable to "cash".

Recommendation

We recommend that checks drawn to replenish the petty cash fund be made payable to the custodian of petty cash. We also recommend that petty cash procedures be formally written and approved by the board of directors.

& Tervalon

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INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT

To the Board of Directors
Family Advocacy and Neighborhood Services, Inc.

In planning and performing our audit of the financial statements of Family Advocacy and Neighborhood Services, Inc. (the Corporation) for the year ended June 30, 1993, we considered the Corporation's internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit, we became aware of several matters that were opportunities for strengthen internal controls and operating efficiency. This letter summarizes our comments and suggestions regarding these matters.

RELATED PARTIES

On July 8, 1990, the Corporation entered into a consulting agreement with the relative of a board member. The board member subsequently resigned on November 28, 1990, however, the former board member continued to serve the Corporation on a voluntary basis. Among the services provided by the former board member was as an authorized check signer and as such signed checks payable to the relative of that former board member. We were informed that since the date of our exit conference the former board member has been removed as an authorized check signer.

FAMILY ADVOCACY AND NEIGHBORHOOD SERVICES, INC.

EXIT CONFERENCE

An exit conference was held and those in attendance were as follows:

FAMILY ADVOCACY AND NEIGHBORHOOD SERVICES, INC.

Mr. Jim Hutchinson -- Executive Director

BRUNO & TERVALON, CERTIFIED PUBLIC ACCOUNTANTS

Mr. Michael S. Bruno, CPA -- Managing Partner

Mr. Edward A. Tourino, Jr., CPA -- Manager

Mr. Arnold E. Pinkney -- Supervisor

The audit report was discussed. This report is intended solely for the use of the Board of Directors, the legislative auditor and management and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Bruno & Tervalon

BRUNO & TERVALON
CERTIFIED PUBLIC ACCOUNTANTS

October 10, 1997

FAMILY ADVOCACY AND NEIGHBORHOOD SERVICES, INC.
STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

	<u>RESOLVED</u>	<u>UNRESOLVED</u>
96-I Related Party Transactions	X	
96-II Failure to file 1099	X	
96-III Petty Cash	X	
96-IV Audited Financial Statements	X	

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

Internal control over financial reporting

In planning and performing our audit, we considered the Corporation's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management in a separate letter dated October 10, 1997.

This report is intended for the information of the Board of Directors, management and the legislative auditor and Federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Bruno & Tervalon
BRUNO & TERVALON
CERTIFIED PUBLIC ACCOUNTANTS

October 10, 1997

& Tervalon

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE ON INTERNAL
CONTROL OVER FINANCIAL REPORTING BASED ON AN ASSESS OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors
Family Advocacy and Neighborhood Services, Inc.

We have audited the financial statements of Family Advocacy and Neighborhood Services, Inc., (the Corporation) a not-for-profit corporation, as of and for the year ended June 30, 1997, and have issued our report thereon dated October 10, 1997. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the corporation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, 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 certain immaterial instances of noncompliance that we have reported to management in a separate letter dated October 10, 1997.

FAMILY ADVOCACY AND RESOURCES SERVICES, INC.
 STATEMENT OF FUNCTIONAL EXPENSES
 FOR THE YEAR ENDED JUNE 30, 1997

	PROGRAM SERVICES			TOTAL
	COMMUNITY AND SCHOOL	RAFT AND DRUG-FREE	MEDIA PRODUCTIONS	
Salaries and wages	\$ 52,889	\$ 8,400	\$ -0-	\$ 61,289
Payroll taxes	8,984	937	-0-	9,921
Professional services	67,688	2,483	28,281	98,452
Advertising	832	-0-	-0-	832
Supplies	10,297	3,777	78	14,152
Programmatic activities	37,994	3,252	-0-	41,246
Office expenses	16,102	69	-0-	16,171
Other	112	-0-	-0-	112
Total expenses before depreciation	190,933	20,000	28,359	239,292
Depreciation	-5,488	-0-	-0-	-5,488
Total expenses	\$185,445	\$20,000	\$28,359	\$233,804

See Independent Auditors Report on Supplementary Information.

FAMILY ADVOCACY AND RESOURCES SERVICES, INC.
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 1997

FEDERAL GRANTOR/PROGRAM ELEMENT AGENCY/PROGRAM TITLE	FEDERAL CFA NUMBER	AGENCY OR PASS THROUGH NUMBER	FEDERAL PROGRAM ELEMENT/NUMBER
U.S. Department of Statistics Pass through from state of Louisiana Department of Statistics	04.184 13.073	28-97-7335-0 0210668/4660000	520.480 _3.833
Safe and Drug-Free Schools and Communities Act Supplement Care Block Grant			522.674

See Independent Auditors' Report on Supplementary Information.

SUPPLEMENTARY INFORMATION

FAMILY ADVOCACY AND NEIGHBORHOOD SERVICES, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 4 - Description of Leasing Arrangements:

The facilities presently used by the Corporation are leased under a short-term arrangement.

NOTE 5 - Contingency:

The Corporation is a recipient of grants from the State of Louisiana and other funding source. The grants are governed by various State guidelines, regulations, and contractual agreements.

The administration of the program and activities funded by these grants are under the control and administration of the Corporation and are subject to audit and/or review by the applicable funding source. Any grant found to be not properly spent in accordance with the terms, conditions, and regulations of the funding sources may be subject to recapture.

FAMILY ADVOCACY AND NEIGHBORHOOD SERVICES, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Nature of Activities and Summary of Significant Accounting Policies, continued

Contributions

The Corporation also elected to adopt SFAS No. 116, "Accounting for contributions Received and Contributions Made", in 1997. 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. The effect of this new statement had no effect on the change in net assets for 1997.

NOTE 2 - Equipment, Furniture and Vehicles:

Equipment and vehicles at June 30, 1997 are summarized as follows:

Equipment and furniture	\$ 38,328
Vehicles	34,928
	73,256
Accumulated depreciation	(42,268)
Equipment and vehicles, (net)	\$ 30,988

NOTE 3 - Related Party:

On July 8, 1998, the Corporation entered into a consulting agreement with the relative of a Board member who subsequently resigned from the Board on November 20, 1998. Total fees paid to this individual for the year ended June 30, 1997 was \$28,000.

FAMILY ADVOCACY AND NEIGHBORHOOD SERVICES, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Nature of Activities and Summary of Significant Accounting Policies, Continued:

Depreciation expense for the years ended June 30, 1997 was \$8,488.

Revenue Recognition

Revenue from governmental grants and certain other restricted contributions is recognized when allowable expenditures are made by the Corporation. Funds received for specific purposes but not yet expended are recorded as deferred income.

CASH

Cash consists of the interest bearing and non-interest bearing checking accounts.

INCOME TAXES

The Corporation is exempt from federal income taxes through Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes is made in the accompanying financial statements.

Fair Value of Financial Instruments

The Corporation considers the carrying amounts of its cash to be fair value.

Financial Statement Presentation

In 1997, the Corporation elected to adopt Statement of Financial Standards (SFS) No. 117, "Financial Statements of Not-For-Profit Organizations". Under SFS No. 117, the Corporation 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 Corporation has discontinued its use of fund accounting and has, accordingly, reclassified its financial statements to present the three (3) classes of net assets required, as applicable. This reclassification had no effect on the change in net assets for 1997.

FAMILY ADVOCACY AND NEIGHBORHOOD SERVICES, INC.

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Nature of Activities and Summary of Significant Accounting Policies. Continued

- a Facilitate and promote information dissemination and communication regarding the availability of necessary social services on a federal, state, and/or local level.

Principles of Accounting

The Corporation is a non-profit, community based organization whose financial statements are prepared on the accrual basis and in accordance with generally accepted accounting principles. 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 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.

Equipment and Vehicles

Equipment and vehicles of the Corporation are recorded as assets and are stated at historical costs if purchased or at fair market value at the date of the gift, if donated. Additions, improvements and expenditures that significantly extend the useful life of an asset are capitalized.

Depreciation is provided using the straight-line method over the estimated useful lives of the assets as follows:

Equipment	5 years
Vehicles	5 years

FAMILY ADVOCACY AND NEIGHBORHOOD SERVICES, INC.
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - Nature of Activities and Summary of Significant Accounting Policies

General

Family Advocacy & Neighborhood Services, Inc. (the Corporation) is a community service organization designed to service the economic, social and cultural needs of the underprivileged and disadvantaged, including but not limited to at-risk youth, teenage mothers, single parent female head-of-households and isolated senior citizens.

The Corporation offers programs that provide an array of consulting, teaching, and advising services to help families work together to enhance a student's learning and academic achievements. Cultural enrichment activities such as concerts, dances, and theme festivals are also offered to the community.

The objectives of the Corporation are as follows:

- Individual and/or family counseling for juveniles demonstrating adjustment or behavioral problems in the traditional classroom environment;
- Individual and/or group parenting skills, financial management planning programs, and/or self-esteem and confidence building programs for single female parents and teenage mothers;
- Cultural enrichment programs for economically disadvantaged and gifted youth;
- Medication and nutrition counseling services for senior citizens and assistance with elderly compliance as it applies to Medicare;
- Coordination with after school church-based tutorial programs, as administered by the Department of Education and

FAMILY ADVOCACY AND NEIGHBORHOOD SERVICES, INC.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 1997

OPERATING ACTIVITIES

Change in net assets	\$ 1,721
adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	6,456
change in operating assets and liabilities:	
Grants receivable	9,112
Prepaid expenses	(1,504)
Accounts payable and accrued liabilities	142
Deferred revenues	(8,138)
Net cash provided by operating activities	<u>3,289</u>

INVESTING ACTIVITIES

Purchases of furniture and equipment	<u>4,402</u>
Net cash used in investing activities	<u>(1,402)</u>
Net decrease in cash	(2,697)
Cash at beginning of year	22,662
Cash at end of year	<u>\$24,965</u>

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

FAMILY ADVOCACY AND NEIGHBORHOOD SERVICES, INC.

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 1997

SUPPORT AND REVENUE

Support:

Grants-Federal-pass through the State of Louisiana	\$ 12,674
Grants-State of Louisiana	222,513
Total support	235,187

Revenues:

Other income	1,021
Interest income	33
Total income	1,054
Total support and revenue	237,241

EXPENSES

Program services:

Community and school programs	196,991
Safe and drug free programs	20,000
Media productions	28,329
Total program services	245,320
Total expenses	245,320

Change in net assets	1,711
Unrestricted net assets, beginning of year	28,839
Unrestricted net assets, end of year	\$ 25,750

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

FAMILY ADVOCACY AND NEIGHBORHOOD SERVICES, INC.

STATEMENT OF FINANCIAL POSITION

JUNE 30, 1987

ASSETS

Cash	\$24,943
Prepaid expenses	1,767
Vehicles, furniture and equipment, net (NOTE 2)	22,883
Total assets	\$50,713

LIABILITIES AND NET ASSETS

Liabilities:	
Accounts payable and accrued liabilities	\$ 8,074
deferred revenue	16,829
Total liabilities	24,903
Net assets:	
unrestricted (NOTE 1)	25,798
Total net assets	25,798
Total liabilities and net assets	\$50,713

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

INDEPENDENT AUDITORS' REPORT
CONTINUED

To the Board of Directors
Family Advocacy and Neighborhood Services, Inc.
Page 3

In accordance with Government Auditing Standards, we have also issued our report dated October 17, 1997 on our consideration of the corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the financial statements of the Corporation taken as a whole. The accompanying schedule of expenditures of federal awards, as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and the schedule of functional expenses 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 financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Bruno & Tervalon

BRUNO & TERVALON
CERTIFIED PUBLIC ACCOUNTANTS

October 18, 1997

Bruno

CERTIFIED PUBLIC ACCOUNTANTS

& Tervalon

& Tervalon

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Family Advocacy and Neighborhood Services, Inc.

We have audited the accompanying statement of financial position of Family Advocacy and Neighborhood Services, Inc. (the Corporation) (a not-for-profit corporation) as of June 30, 1997, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Corporation'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 the standards applicable to financial audits contained in 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 accounts 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 Family Advocacy and Neighborhood Services, 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.

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FAMILY ADVOCACY AND NEIGHBORHOOD SERVICES, INC.

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

Release Date 3-4-98

FINANCIAL AND COMPLIANCE AUDIT

TOGETHER WITH

INDEPENDENT AUDITORS' REPORT

FOR THE YEAR ENDED JUNE 30, 1997

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**Bruno
& Tervalon**

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