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CONFIDENTIAL

Financial Statements  
and Independent Auditor's Report

June 30, 1996

(with Comparative Totals for 1995)

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, 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 DEC 11 1996

Last year, we reported a material issue of noncompliance because the audit report for the year ended June 30, 1995 was not issued by December 31, 1995. The reason the audit report was not issued timely was due to inadequate record keeping. We recommended and management agreed that the records must be kept in an orderly fashion and detailed transaction records maintained throughout the year. This recommendation was implemented during the current year.

During the June 30, 1995 audit we found that, in several instances, checks were filed for reimbursement in the incorrect period and/or amount. We recommended and management agreed that cost reimbursement reports need to be reconciled to the accounting records monthly. The cost reimbursement reports were reconciled to the accounting records during the current year, but not on a monthly basis. We recommend that this be done monthly in the future.

Last year, we also discovered that one vendor did not charge sales tax on the purchase of some fixed assets. We recommended and management agreed that in the future, management needs to examine invoices to verify that sales tax is charged on all purchases. This recommendation was implemented during the current year.

Last year, we also discovered during the audit that Confident, Inc. was requesting to be reimbursed for both gross wages and payroll taxes. We recommended and management agreed that if they request to be reimbursed for payroll taxes then they should request to be reimbursed for net pay instead of gross. This was corrected in the current year.

During the current audit, we noted a tremendous improvement in the accounting records. However, the documentation of approval for disbursements and the filing of invoices still needs improvement. We recommend that management establish procedures for using purchase orders for all disbursements which must be signed as approved for payment before funds can be disbursed. We also recommend that the original invoice and copy of the check be stapled to each purchase order and filed either alphabetically or numerically for the period. Management agrees with these recommendations.

This year, we also noted that disbursements totaling \$10,627.50 were not submitted on the cost reimbursement reports because the available grant was less than the actual expenditures incurred. We recommend that management review their budgeting process and watch expenditures closely to help avoid this problem 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, 1996 financial statements and this report does not affect our report on these financial statements dated October 8, 1996.

*Scalise, Brimmonson, Inyeron & White (PAs)*

October 8, 1996

SCALISE, BRIMMONSON, INYERON & WHITE (PAs)  
LAKE CHARLES, LOUISIANA

Confident, Inc.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

Year ended June 30, 1996

**CURRENT YEAR FINDINGS - (Continued)**

1. Social Services - CFDA 90.138;  
Grant No. 3304254-A 201-03 488 94-21-708;  
Grant Period - year ended June 30, 1996

**Statement of Condition:** The monthly financial status reports were not filed on a monthly basis.

Period Covered on  
Reports Filed

07/01/95 - 09/29/95  
10/01/95 - 12/13/95  
12/13/95 - 02/13/96  
02/14/96 - 03/12/96  
03/13/96 - 04/04/96  
04/05/96 - 06/06/96  
06/07/96 - 06/24/96

**Criteria:** Financial status reports are to be filed within 30 days after the end of each month.

**Cause of Condition:** The information to file the reports was not available to file the reports timely.

**Recommendation:** Procedures should be established that provide assurance that the information will be available to file the reports timely.

**Response:** We will attempt to correct the situation that caused the late filings.

Total Questioned Costs

2,282

The accompanying notes are an integral part of this statement.

## Confident, Inc.

## STATEMENT OF FINANCIAL POSITION

June 30,

## ASSETS

	1996	1995
<b>CURRENT ASSETS</b>		
Cash and cash equivalents (Note E)	\$ 5,883	\$ 12,948
Accounts receivable	<u>10,333</u>	<u>18,287</u>
Total current assets	16,216	31,235
<b>FIXED ASSETS - AT COST (NOTE B-1 AND D)</b>		
Office furniture and equipment	13,793	13,817
Less accumulated depreciation	<u>(3,921)</u>	<u>(1,618)</u>
	9,872	12,199
<b>OTHER ASSETS</b>		
Utility deposits	<u>173</u>	<u>173</u>
Total assets	<u>\$ 26,218</u>	<u>\$ 34,463</u>

## LIABILITIES AND NET ASSETS

<b>CURRENT LIABILITIES</b>		
Payroll taxes payable	\$ 3,512	\$ 3,287
<b>NET ASSETS</b>		
Unrestricted net assets:		
Operations	12,897	17,681
Fixed assets	<u>9,801</u>	<u>11,489</u>
Total unrestricted net assets/total net assets	<u>22,698</u>	<u>29,170</u>
Total liabilities and net assets	<u>\$ 26,218</u>	<u>\$ 34,463</u>

The accompanying notes are an integral part of this statement.

SCALISI, DENNINGSON, MYERS & WHITE (APC)

a corporation  
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AN OFFICE  
MEMBER FIRM/STAFF OF  
CERTIFIED PUBLIC ACCOUNTANTS  
SOCIETY OF LOUISIANA  
CERTIFIED 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, 1998, and have issued our report thereon dated October 8, 1998. 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 those objectives pertain to the prevention or detection of errors or irregularities in amounts that would be material in relation to the financial statements.

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

Confident, Inc.

STATEMENT OF CASH FLOWS

For the Year Ended June 30, 1998

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Grants received	\$ 113,532
Contributions and revenue received	6,027
Cash paid for program services	(77,886)
Cash paid for support services	<u>(67,812)</u>
Net cash used in operating activities (Note E)	(66,149)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchase of fixed assets	<u>(688)</u>
Net cash used in investing activities	<u>(688)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(66,837)</b>
<b>CASH AND CASH EQUIVALENTS - JUNE 30, 1997</b>	<b><u>12,248</u></b>
<b>CASH AND CASH EQUIVALENTS - JUNE 30, 1998</b>	<b><u>\$ 5,411</u></b>

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

**SCALISE, DOMINISON, MYERS & WHITE (APC)**

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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, 1996 and 1995, and the related statements of activities, functional expenses, and cash flows for the year ended 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 Office of Management and Budget 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. 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, 1996 and 1995, and the changes in its net assets and its cash flows for the year ended June 30, 1996 in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated October 8, 1996, on our consideration of Confident, Inc.'s internal control structure and a report dated October 8, 1996, on its compliance with laws and regulations.

*Scalise, Dominison, Myers & White (APC)*

October 8, 1996

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Confidential, Inc.

SCHEDULE OF FEDERAL AWARDS

For the year ended June 30, 1996

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Agency or Pass-Through Number	Program or Award Amount	Amount Received at July 1, 1995	Receipts or Revenue Recognized	Federal Disbursements/ Expenses	Accrual Balance at June 30, 1996
--	---------------------------	-------------------------------------	-------------------------------	---------------------------------------	--------------------------------------	---------------------------------------	--

Pass-through from Louisiana  
Department of Health and  
Human Services

Social Services	93.118	08088 05048	\$ 81,600	\$ 4,247	\$ 81,453	\$ 81,628	\$ 4,153
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The accompanying notes are an integral part of this statement.

SCALISI, DENNISON, MYERS & WHITE (AIPC)

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SOCIETY OF COSTING  
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON  
SCHEDULE OF FEDERAL AWARDS

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, 1996, and have issued our report thereon dated October 8, 1996. These 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, and the provisions of Office of Management and Budget Circular A-133, "Audit of Institutions of Higher Education and Other Nonprofit Institutions." Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether 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.

*Scalisi, Dennison, Myers White (AIPC)*

October 8, 1996

Confident, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

June 30, 1996  
(with comparative data for 1995)

	1996			1995
	Program Service Self Help and Mutual Support	Management and General	Total	Total
Salaries	\$ 21,665	\$ 34,519	\$ 56,184	\$ 24,943
Payroll taxes	1,768	2,787	4,547	1,908
Health insurance	<u>1,966</u>	<u>1,966</u>	<u>3,932</u>	<u>0</u>
Total salaries and related expenses	25,399	39,272	64,671	26,851
Advertising	0	0	0	987
Consumer survey expenses	0	0	0	1,348
Contract labor	416	0	416	83
Contributions	0	0	0	138
Convention expense	31,882	0	31,882	37,463
Dues and subscriptions	0	0	0	22
Flowers and gifts	0	106	106	85
Meals	389	0	389	138
Miscellaneous	0	363	363	528
Insurance	0	150	150	625
Newsletters	0	0	0	1,486
Occupancy	2,367	2,968	5,335	4,878
Office expense	0	876	876	3,897
Professional and consulting	4,480	3,822	7,422	3,899
Supplies	2,158	0	2,158	580
Telephone	2,296	783	3,061	2,236
Travel and training	<u>1,300</u>	<u>0</u>	<u>1,300</u>	<u>13,712</u>
Total expenses before depreciation	77,319	48,724	126,043	100,372
Depreciation expenses	<u>1,352</u>	<u>1,152</u>	<u>2,504</u>	<u>1,618</u>
Total expenses	<u>\$ 78,671</u>	<u>\$ 49,876</u>	<u>\$ 128,547</u>	<u>\$ 101,990</u>

The accompanying notes are an integral part of this statement.

programs are managed in compliance with applicable laws and regulations. Because of inherent limitations in any internal control structure, errors, irregularities, or instances of noncompliance may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies and procedures used in administering federal award programs in the following categories: cash, expenses for program and supporting services, and payroll and related liabilities.

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

During the year ended June 30, 1986, Conditent, Inc. had no major federal award programs and expended 108 percent of its total federal awards under the following nonmajor programs: social services.

We performed tests of controls, as required by OMB Circular A-112, 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.

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 does not document its approval process for disbursements and that its filing system for invoices related to disbursements is inadequate.

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.

Confident, Inc.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 1996

**CURRENT YEAR FINDINGS**

Department of Health and Human Services:

1. Social Services - CFDA No. 93.138;  
Grant No. 1304334-A, 50143 MH 94-23-700;  
Grant period - year ended June 30, 1996

**Statement of Condition:** Invoices to back up disbursements could not be located for three selected items. Additionally, formal approval was not documented on most invoices.

**Criteria:** Original invoices for all purchases are to be filed in the office and maintained as documentation for the disbursements.

**Effect of Condition:** The cost may be disallowed.

**Population and Sample Size:**

	Number of Units	Dollars	
Population	296	\$ 128,224	
Sample	28	\$ 17,069	
Not in Compliance	3	\$ 262	
Questioned Costs			\$ 262

**Cause of Condition:** Procedures are not in place for filing all original invoices in the office and marking invoices approved for payment by a responsible official.

**Recommendation:** The organization should establish procedures for filing all invoices in the office either numerically or alphabetically for each fiscal year. In addition, the organization should establish procedures to require invoices for all disbursements to be marked approved for payment by a responsible official.

**Response:** We concur with the auditor's recommendations. Procedures will be established to prevent a recurrence of this situation.

The accompanying notes are an integral part of this statement.

Confident, Inc.

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 1996  
(with comparative totals for 1995)

	1996		1995	
	Unclassified		Total	Total
	Operations	Fund Assets		
<b>SUPPORT AND REVENUE (Note B-2)</b>				
<b>Support:</b>				
Grants and contracts	\$ 113,638	\$ 0	\$ 113,638	\$ 109,362
Contributions	528	0	528	3,228
<b>Total support</b>	<b>114,176</b>	<b>0</b>	<b>114,176</b>	<b>112,590</b>
<b>Revenue:</b>				
Customer survey income	3,785	0	3,785	7,180
Registration fees	3,784	0	3,784	0
<b>Total revenue</b>	<b>7,569</b>	<b>0</b>	<b>7,569</b>	<b>7,180</b>
<b>Total support and revenue</b>	<b>121,745</b>	<b>0</b>	<b>121,745</b>	<b>119,770</b>
<b>EXPENSES:</b>				
<b>Programs Services:</b>				
Self Help and Mutual Support	77,119	1,152	78,271	81,009
<b>Support Services:</b>				
General and administrative	46,724	1,152	47,876	23,183
<b>Total expenses</b>	<b>123,843</b>	<b>2,304</b>	<b>126,147</b>	<b>104,192</b>
Change in net assets	(4,178)	(2,304)	(6,482)	16,600
Net assets, beginning of year	17,681	11,489	29,180	13,180
Acquisition of fixed assets	(806)	608	0	0
<b>NET ASSETS END OF YEAR</b>	<b>\$ 12,697</b>	<b>\$ 9,803</b>	<b>\$ 22,508</b>	<b>\$ 29,780</b>

The accompanying notes are an integral part of this statement.

SCALISE, HENDERSON, MYERS & WHITE (APC)  
LAKE CHARLES, LOUISIANA

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 none of the reportable conditions disclosed 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 ConEdent, Inc. in a separate letter dated October 8, 1996.

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.

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

October 8, 1996

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

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Affirmative Action Employer  
MINORITIES AND WOMEN  
are encouraged to apply  
1400 Canal Street, Suite 1000  
New Orleans, Louisiana 70112  
(504) 581-8800 • FAX (504) 581-8805

1974, March 2 P.A.  
1974, June 2, DENNISON, MYERS  
& WHITE, AP, INC., C.P.A., C.F.A.  
1974, July 15, MYERS, D. P.A.  
1974, August 15, DENNISON, MYERS &  
WHITE, AP, INC., C.P.A.

MEMBER  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

INSTITUTE OF CHARITABLE  
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT ON  
INTERNAL CONTROL STRUCTURE  
USED IN ADMINISTERING FEDERAL AWARDS**

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, 1996, and have issued our report thereon dated October 8, 1996.

We conducted our audit 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.

In planning and performing our audit for the year ended June 30, 1996, we considered the internal control structure of Confident, Inc. in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements of Confident, Inc. 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 award programs. We have addressed internal control structure policies and procedures relevant to our audit of the financial statements in a separate report dated October 8, 1996.

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



Confident, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 1996

NOTE F - 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.

Confident, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 1995

NOTE C - CHANGES IN ACCOUNTING PRINCIPLES

The Organization adopted the provisions of Statement of Financial Accounting Standards No. 116, Accounting for Contributions Received and Contributions Made and No. 117, Financial Statements of Not-for-Profit Organizations by restating net assets as of June 30, 1995. Statement No. 116 requires the Association to distinguish between contributions that increase permanently restricted net assets, temporarily restricted net assets, and unrestricted net assets. It also requires recognition of contributions, including contributed services meeting certain criteria, at fair values. Statement No. 117 establishes standards for general purpose external financial statements of not-for-profit organizations and requires a statement of financial position, a statement of activities, and a statement of cash flows. The Organization adopted Statement No. 116 by restating net assets as of June 30, 1995. The effect of Statement No. 116 on the Organization's change in net assets for 1995, was no change.

NOTE D - CHANGES IN PROPERTY AND EQUIPMENT

Office Equipment, beginning of period	\$ 13,117
Purchases of Office Equipment - at cost	<u>    605</u>
Office Equipment, end of period	<u>\$ 13,722</u>

NOTE E - STATEMENTS OF CASH FLOWS

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

Change in net assets	\$ (6,482)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	3,384
Net increase in grants receivable	(186)
Net decrease in payroll taxes payable	<u>(1,735)</u>
Net cash used in operating activities	<u>\$ (5,009)</u>

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

Confident, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 1996

**NOTE A - ORGANIZATION AND NATURE OF ACTIVITIES**

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 \$2,304 for the year ended June 30, 1996, and is calculated on the straight-line method based on the estimated useful lives below:

Equipment	5 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, 1992. 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.

**4. Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of management's estimates.

SCALISI, DENNISON, MYERS & WHITE (AFCU)

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INDEPENDENT AUDITOR'S REPORT ON  
COMPLIANCE WITH SPECIFIC REQUIREMENTS APPLICABLE TO  
NONMAJOR FEDERAL AWARD PROGRAM TRANSACTIONS

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, 1996, and have issued our report thereon dated October 9, 1996.

In connection with our audit of the financial statements of Confident, Inc. and with our consideration of the Organization's internal control structure used to administer federal award 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 award programs for the year ended June 30, 1996. As required by OMB Circular A-133, we have performed auditing procedures to test compliance with the requirements governing types of services allowed or unallowed and eligibility 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 Confident, Inc.'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 items not tested, nothing came to our attention that caused us to believe that Confident, Inc. had not complied, in all material respects, with these requirements. However, the results of our procedures disclosed immaterial instances of noncompliance with these requirements, which are described in the accompanying Schedule of Findings and Questioned Costs.

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.

*Scalisi, Dennison, Myers & White (AFCU)*  
October 9, 1996

SUPPLEMENTAL INFORMATION

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INDEPENDENT AUDITOR'S REPORT ON  
COMPLIANCE WITH THE GENERAL REQUIREMENTS APPLICABLE  
TO FEDERAL AWARDS PROGRAMS

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, 1996, and have issued our report thereon, dated October 8, 1996.

We have applied procedures to test the compliance of Confident, Inc. with the following requirements applicable to its federal award programs, which are identified in the accompanying Schedule of Federal Awards, for the year ended June 30, 1996: Cash management, federal financial reports, and allowable costs.

Our procedures were limited to the applicable procedures described in the Office of Management and Budget's "Compliance Supplement for Audits of Institutions of Higher 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 Confident, 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 Confident, Inc. had not complied, in all material respects, with these requirements. However, the results of our procedures disclosed immaterial instances of noncompliance with these requirements, which are described in the accompanying Schedule of Findings and Questioned Costs.

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

*Scalisi, Dennison, Myers & White*  
October 8, 1996