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JEFFERSON YOUTH FOUNDATION, INC.

FINANCIAL AND COMPLIANCE AUDIT

TOGETHER WITH

INDEPENDENT AUDITORS' REPORT

FOR THE YEAR ENDED JUNE 30, 1997

Bruno & Tervalon
CERTIFIED PUBLIC ACCOUNTANTS

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Bruno & Tervalon CERTIFIED PUBLIC ACCOUNTANTS
MICHAEL B. BRUNO, CPA
ALCIDE J. TERVALON, JR., CPA
WALDO J. MORET, JR., CPA

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Jefferson Youth Foundation, Inc.

We have audited the accompanying statement of financial position of **Jefferson Youth Foundation, Inc.** (a non-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 **Jefferson Youth Foundation'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 Governmental Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Jefferson Youth Foundation** 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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INDEPENDENT AUDITORS' REPORT
(CONTINUED)

To the Board of Directors
Jefferson Youth Foundation, Inc.
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As discussed in NOTE 2 to the financial statements, during the year ended June 30, 1997, **the Foundation** changed its method of accounting for contributions received and applied newly established financial reporting standards for not-for-profit organizations.

In accordance with Government Auditing Standards, we have also issued our report dated September 30, 1997 on our consideration of **Jefferson Youth Foundation's** internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

Bruno & Tervalon

BRUNO & TERVALON
CERTIFIED PUBLIC ACCOUNTANTS

September 30, 1997

JEFFERSON YOUTH FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 1997

ASSETS	
Cash and cash equivalents (NOTE 3)	$ 6,518
Prepaid expenses	833
Equipment, net of accumulated depreciation of $40,871 (NOTE 2)	34,621
Total assets	$41,972
LIABILITIES AND NET ASSETS	
Liabilities:	
Accounts payable	$ 500
Due to the State of Louisiana (NOTE 2)	597
Total liabilities	1,097
Net Assets:	
Unrestricted (NOTE 2)	40,875
Total liabilities and net assets	$41,972

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

JEFFERSON YOUTH FOUNDATION, INC.

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 1997

	UNRESTRICTED
OPERATING REVENUES	
Louisiana State Grant (NOTE 4)	$145,279
Public support (NOTE 2)	4,950
Other	2,834
In-kind donations (NOTE 7)	25,710
Total operating revenues	178,773
OPERATING EXPENSES	
Salaries and benefits	108,217
Telephone	1,483
Student activities	5,613
Rent	1,000
Postage and express	333
Copying	826
Insurance	3,675
Snacks	5,347
Office supplies and miscellaneous	3,915
Arts & crafts supplies	1,009
T-Shirts	2,021
Computer supplies and software	372
Professional services	14,468
Depreciation (NOTE 2)	15,184
In-kind donations-rent (NOTE 7)	25,710
Total operating expenses	189,173
Change in net assets	(10,400)
Net assets, beginning of year	51,275
Net assets, end of year	$ 40,875

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

JEFFERSON YOUTH FOUNDATION, INC.

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

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	$(10,400)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	15,184
Increase in prepaid expenses	(833)
Decrease in accounts payable	(58,536)
Decrease in deferred revenue	(4,728)
Net cash used in operating activities	(59,313)
Net decrease in cash and cash equivalents	(59,313)
Cash and cash equivalents - June 30, 1996	65,831
Cash and cash equivalents - June 30, 1997	$ 6,518

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

NOTE 1 - Organization:

The **Jefferson Youth Foundation, Inc. (the Foundation)** was organized to provide a variety of social, educational, cultural, health and nutritional services to disadvantaged youth and their families. These services are provided through the administration of the Advent Program, an after school program and summer camp.

NOTE 2 - Summary of Significant Accounting Policies:

Basis of Reporting

Jefferson Youth Foundation (the Foundation) is a non-profit, community based organization whose financial statements are prepared on the accrual basis. 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 those estimates.

During 1997, **the Foundation** adopted the provisions of Statement of Financial Accounting Standards (SFAS) No. 116, "Accounting for Contributions Received and Contributions Made," and SFAS No. 117, "Financial Statements of Not-for-Profit Organizations." SFAS No. 116 requires that unconditional promises to give (pledges) be recorded as receivables and revenues and requires the organization to distinguish between contributions received from each net asset category in accordance with donor-imposed restrictions. SFAS No. 117 establishes standards for external financial reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting purposes into three net asset categories according to externally (donor) imposed restrictions. In addition, **the Foundation** is required to present a statement of cash flows.

NOTE 2 - Summary of Significant Accounting Policies, Continued:

Basis of Reporting, Continued

A description of the net asset categories is as follows:

Unrestricted net assets:

Unrestricted net assets include funds not subject to donor-imposed stipulations. The revenues received and expenses incurred in conducting the social, educational, cultural, and health missions of the Foundation are included in this category.

The Foundation did not have any temporarily restricted or permanently restricted net assets as of June 30, 1997.

Equipment

Equipment of the Foundation is 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

Depreciation expense for the year totaled $15,184.

Due to the State of Louisiana

This amount represents the amount of grant receipts in excess of the related grant expenditures as of the end of the audit period.

NOTE 2 - Summary of Significant Accounting Policies, Continued:

Support and Revenues

Revenues received under government grant programs are recognized when earned.

Contributions are considered to be available for unrestricted use unless specifically restricted by the donor or the board of directors.

NOTE 3 - Fair Value of Financial Instruments:

The estimated fair value of all significant financial instrument amounts have been determined by **the Foundation** using available market information and appropriate valuation methodologies. The following method and assumption was used to estimate the fair value of the financial instruments:

- Cash and cash equivalents - **The Foundation** considers the carrying amounts of these financial instruments to be fair value.

NOTE 4 - State of Louisiana Grant:

The Foundation is the recipient of a grant award from the Governor's Office of Urban Affairs and Development in the amount of $145,500.

NOTE 5 - Income Taxes:

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

NOTE 6 - Contingency:

The Foundation is a recipient of a grant from the State of Louisiana. The grant is governed by various Sate guidelines, regulations, and contractual agreements.

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

NOTE 7 - Donations In-Kind:

During the fiscal year ended June 30, 1997, **the Foundation** received in-kind donations which are recorded in revenues and corresponding expenditures. Included as rent expense is the value of the area of the Ames Elementary School building **the Foundation** occupies, which is owned by the Jefferson Parish Public School System. The parish provides the space rent-free for the purpose of operating the program.

Bruno CERTIFIED PUBLIC ACCOUNTANTS
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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
Jefferson Youth Foundation, Inc.

We have audited the financial statements **Jefferson Youth Foundation, Inc. (the Foundation)** as of and for the year ended June 30, 1997 and have issued our report thereon dated September 30, 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.

As discussed in NOTE 2 to the financial statements, during the year ended June 30, 1997, **the Foundation** changed its method of accounting for contributions received and applied newly established financial reporting standards for not-for-profit organizations.

Compliance

As part of obtaining reasonable assurance about whether **the Foundation'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*.

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND 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 Foundation'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.

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

Bruno & Tervalon

BRUNO & TERVALON
CERTIFIED PUBLIC ACCOUNTANTS

September 30, 1997