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POSITIVE FORCE CONSULTING NETWORKS, INC.
MONROE, LOUISIANA

**FINANCIAL STATEMENTS
AND ADDITIONAL INFORMATION
FOR THE YEAR ENDED
JUNE 30, 2000**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the auditor, or authorized 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 11/24/00

POSITIVE FORCES COUNSELING NETWORK, INC.
JUNE 30, 1999

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- Accounting & Auditing
- RFP's, Bids
- Non-Profit Organizations
- Business & Financial Planning
- Tax Preparation & Planning
- Individual & Corporate
- Corporate & Financial
- Structuring & Personal Services

December 4, 1998

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., a nonprofit organization, as of June 30, 1998, 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, and Government Auditing Standards, issued by the Comptroller General of the United States. These 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 Positive Forces Counseling Network, Inc., as of June 30, 1998, 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 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 for the year ended June 30, 1998, 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.

In accordance with Government Auditing Standards, we have also issued a report dated December 4, 1998 on our consideration of Positive Forces Counseling Network, Inc.'s internal control structure and its compliance with laws and regulations.

Johnston, Peery, Johnson & Associates, L.L.P.

JOHNSTON, PEERY, JOHNSON & ASSOCIATES, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

JOHNSTON, FERRY, JOHNSON & ASSOCIATES, L.L.P.

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- Accounting & Auditing
- RISK Audit
- Tax Profit Optimization
- Business & Financial Planning
- Tax Preparation & Planning
- Individual & Partnership
- Corporate & Personal
- Bookkeeping & Payroll Services

December 4, 1998

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors
Positive Forces Counseling Network, Inc.
Metairie, Louisiana

We have audited the financial statements of Positive Forces Counseling Network, Inc. as of and for the year ended June 30, 1998, and have issued our report thereon dated December 4, 1998. We conducted our audit in accordance with generally accepted accounting 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 Positive Forces Counseling Network, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, non-compliance 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 non-compliance that are required to be reported under Government Auditing Standards.

Internal control over Financial Reporting

In planning and performing our audit, we considered Positive Forces Counseling Network, Inc.'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.

This report is intended for the information of the audit committee, management, and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Jonathan Perry Johnson & Associates, LLP

JOHNSON, PERRY, JOHNSON & ASSOCIATES, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

POSITIVE FORCES COUNSELING NETWORK, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 1998

ASSETS

Current Assets

Cash

43,011

Grants Receivable

28,820

TOTAL CURRENT ASSETS

62,101

Fixed Assets

Equipment

63,873

Accumulated Depreciation

(12,824)

TOTAL FIXED ASSETS

48,269

TOTAL ASSETS

110,370

LIABILITIES

Current Liabilities

Accounts Payable

3,442

Due to Officer

54,812

TOTAL CURRENT LIABILITIES

58,254

TOTAL LIABILITIES

58,254

NET ASSETS

Restricted

72,109

TOTAL NET ASSETS

72,109

TOTAL LIABILITIES AND NET ASSETS

110,370

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

POSITIVE FORCES COUNSELING NETWORK, INC.
STATEMENT OF ACTIVITIES
JUNE 30, 1998

| | | |
|--|---------------|----------------|
| <u>UNRESTRICTED NET ASSETS</u> | | |
| Support | | |
| Grants | 323,413 | |
| Contributions | <u>7,386</u> | |
| <u>TOTAL SUPPORT</u> | | 248,613 |
| Revenues | | |
| Fees and Rents | <u>2,350</u> | |
| <u>TOTAL REVENUES</u> | | <u>2,350</u> |
| <u>TOTAL SUPPORT AND REVENUES</u> | | 242,969 |
| <u>EXPENSES</u> | | |
| Program Services | 181,044 | |
| Supporting Services | <u>28,613</u> | |
| <u>TOTAL EXPENSES</u> | | <u>211,657</u> |
| <u>INCREASE IN UNRESTRICTED NET ASSETS</u> | | 31,312 |
| <u>NET ASSETS AT BEGINNING OF YEAR</u> | | <u>48,653</u> |
| <u>NET ASSETS AT END OF YEAR</u> | | <u>79,965</u> |

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

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POSITIVE FORCES COUNSELING NETWORK, INC.
 STATEMENT OF FUNCTIONAL EXPENSES
 JUNE 30, 1988

| | MENTAL HEALTH COUNSELING SERVICES | GENERAL AND ADMINISTRATIVE | TOTAL |
|-----------------------|---|-------------------------------|----------------|
| Personal Services | 120,685 | 12,125 | 132,810 |
| Related Benefits | 11,368 | 1,140 | 12,508 |
| Travel | 1,012 | - | 1,012 |
| Operating Services | 38,788 | 6,514 | 45,302 |
| Supplies | 8,685 | - | 8,685 |
| Professional Services | <u>3,000</u> | <u>-</u> | <u>3,000</u> |
| Total Expenditures | | | |
| Before Depreciation | 183,832 | 19,779 | 203,611 |
| Depreciation | <u>3,412</u> | <u>734</u> | <u>4,146</u> |
| <u>TOTAL EXPENSES</u> | <u>187,244</u> | <u>20,513</u> | <u>211,857</u> |

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

POSITIVE FORCES COUNSELING NETWORK, INC.
STATEMENT OF CASH FLOWS
JUNE 30, 1988

CASH FLOWS FROM OPERATING ACTIVITIES

| | |
|---|----------|
| Increase (Decrease) in Net Assets | 31,412 |
| Adjustments to Reconcile Increase in Net Assets to Net Cash Provided (Used) by Operating Activities | |
| Depreciation | 8,140 |
| (Increase) Decrease in: | |
| Operating Assets - Grants Receivable | (8,780) |
| Increase (Decrease) in: | |
| Operating Liabilities - Accounts Payable | 1,387 |
| Grants Payable | (4,413) |

NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES

27,726

CASH FLOWS FROM INVESTING ACTIVITIES

| | |
|--------------------------|----------|
| Purchase of Fixed Assets | (31,263) |
|--------------------------|----------|

NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES

(31,263)

CASH FLOWS FROM FINANCING ACTIVITIES

| | |
|-------------------|--------|
| Loan from Officer | 44,645 |
|-------------------|--------|

NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES

44,645

NET INCREASE (DECREASE) IN CASH

19,079

BEGINNING CASH AND CASH EQUIVALENTS

3,983

ENDING CASH AND CASH EQUIVALENTS

23,013

SUPPLEMENTAL CASH BASIS DATA

| | |
|-------------------|-----|
| Interest Paid | 488 |
| Income Taxes Paid | -1- |

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

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JOHNSTON, PERRY, ANDERSON & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

POSITIVE FORCES COUNSELING NETWORK, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1998

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 these 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,

POSITIVE FORCES COUNSELING NETWORK, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 1998

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Contributions (Continued)

temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

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. Fixed assets are capitalized for individual cost over \$100.

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 on 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, 1998 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

POSITIVE FORCES CONSULTING NETWORK, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 1998

NOTE 3 - IN-KIND CONTRIBUTIONS (Continued)

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 4 - INCOME TAX STATUS

The Organization applied as a nonprofit corporation and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

NOTE 5 - CHANGES IN FIXED ASSETS

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

| | Balance JUNE 30, 1997 | ACQUISITIONS | DISPOSALS | Balance JUNE 30, 1998 |
|-----------------------------|--------------------------|--------------|-----------|--------------------------|
| Furniture & Equipment | 22,780 | -0- | -0- | 22,780 |
| Transportation Equipment | -0- | 22,380 | -0- | 22,380 |
| <u>TOTAL</u> | | | | <u>45,160</u> |

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 6 - 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 7 - 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 as June 30, 1998 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of financial position.

POSITIVE FORCES COUNSELING NETWORK, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 1998

NOTE 10 - 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, 1998, the Organization owed the Executive Director \$54,819.

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.

NOTE 11 - COMMITMENTS

The organization leases office space for \$735 per month on a one year lease ending June 30, 1999.

NOTE 12 - 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 benefited.

NOTE 13 - RETIREMENT PLAN

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

NOTE 14 - COMPENSATED ABSENCES

The Organization's policy is to expense compensated absences in the period such leave is used. Amounts of accrued compensation at June 30, 1998 are not material.

SUPPORTING SCHEDULES

POSITIVE FORCE'S COUNSELLING NETWORK, INC.
 STATEMENT OF EXPENDITURES - BY GRANTOR
 JUNE 30, 1988

SCHEDULE I

| | <u>CONTRACT</u> <u>SCHEDULE</u> | <u>CONTRACT</u> <u>NON-SCHEDULE</u> | <u>TOTAL</u> |
|---------------------------|------------------------------------|--|----------------|
| Personal Services | 70,252 | 58,433 | 128,685 |
| Related Benefits | 6,650 | 4,726 | 11,376 |
| Travel | - | 1,012 | 1,012 |
| Operating Services | 18,834 | 18,872 | 37,706 |
| Supplies | 794 | 7,891 | 8,685 |
| Professional Services | 1,580 | 1,500 | 3,080 |
| Capital Assets | - | 28,599 | 28,599 |
| Administration | <u>12,821</u> | <u>8,503</u> | <u>21,324</u> |
| <u>TOTAL EXPENDITURES</u> | <u>110,126</u> | <u>120,687</u> | <u>230,813</u> |

See Auditors' Report.

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POSITIVE FORCEED CONSULTING NETWORK, INC.
COMPENSATION TO BOARD MEMBERS
JUNE 30, 1990

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

See Auditors' Report.

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POSITIVE FORCEWORK CONSULTING NETWORK, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 1988

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

See Auditors' Report.

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POSITIVE FORCES COUNSELING NETWORK, INC.
 FINDINGS, RECOMMENDATIONS, AND CORRECTIVE ACTIONS - PRIOR YEAR
 JUNE 30, 1988

CORRECTIVE ACTION TAKEN - INTERNAL CONTROL

| | |
|--------------------|--|
| Findings: | 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. |
| Corrective Action: | Petty cash is no longer commingled with cash receipts. |
| Findings: | 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. |
| Corrective Action: | Invoices are now marked paid. |
| Findings: | 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. |

See Auditors' Report.

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