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JEFFERSON YOUTH FOUNDATION, INC.

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Release Date 11-16-99

FINANCIAL AND COMPLIANCE AUDIT

TOGETHER WITH

INDEPENDENT AUDITORS' REPORT

FOR THE YEAR ENDED JUNE 30, 1998

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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, 1998 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, 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.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

To the Board of Directors
Jefferson Youth Foundation, Inc.
Page 2

In accordance with Government Auditing Standards, we have also issued our report dated October 22, 1998 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.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information included in the report (shown on page 18) is presented for the purpose of additional analysis and is not a required part of the financial statements of Jefferson Youth Foundation, Inc. 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.

Bruno & Tervalon

BRUNO & TERVALON
CERTIFIED PUBLIC ACCOUNTANTS

October 22, 1998

JEFFERSON YOUTH FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 1988

ASSETS

Cash	\$ 19,615
Accounts receivable	500
Grants receivable	1,000
Prepaid expenses	518
Equipment, net of accumulated depreciation of \$56,854 (NOTE 2)	<u>18,428</u>
Total assets	\$ <u>41,072</u>

LIABILITIES AND NET ASSETS

Liabilities:	
Accounts payable	\$ 577
Taxes and fringe payable	<u>18,725</u>
Total liabilities	<u>19,302</u>
Net Assets:	
Unrestricted (NOTE 2)	<u>21,770</u>
Total liabilities and net assets	\$ <u>41,072</u>

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

JEFFERSON YOUTH FOUNDATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 1998

	UNRESTRICTED
SUPPORT AND REVENUES	
Louisiana State Grant (NOTE 4)	\$ 136,500
Other grant revenues	4,000
Public support (NOTE 3)	5,076
Interest income	835
In-kind donations (NOTE 7)	25,710
Total operating revenues	<u>172,121</u>
EXPENSES	
Program services	121,312
Supporting services	<u>62,914</u>
Total operating expenses	<u>184,226</u>
Change in net assets	(11,585)
Net assets	
Beginning of year	<u>40,875</u>
End of year	<u>\$ 29,290</u>

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, 1998

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets:	\$ (11,505)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	15,182
Increase in accounts receivable	(500)
Increase in grants receivable	(1,000)
Decrease in prepaid expenses	319
Increase in accounts payable	18,685
Net cash provided by operating activities	12,087
Net increase in cash and cash equivalents	12,087
Cash - June 30, 1997	6,518
Cash - June 30, 1998	\$ <u>19,605</u>

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

JEFFERSON YOUTH FOUNDATION, INC.
NOTES TO THE 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 these estimates.

The Foundation has adopted the provisions of Statement of Financial Accounting Standards SFAS No. 117, "Financial Statements of Not-for-Profit Organizations," which 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.

JEFFERSON YOUTH FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 3 - 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, 1998.

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
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Depreciation expense for the year totaled \$15,182.

JEFFERSON YOUTH FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - Summary of Significant Accounting Policies, Continued:

Support and Revenue

Revenue received under government grant programs are recognized when earned.

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

Cash Equivalents

For purposes of the statements of cash flows, the Foundation considers all short-term, highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents.

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 3 - State of Louisiana Grant

The Foundation is the recipient of a grant from the Governor's Office of Urban Affairs and Development in the amount of \$136,500.

NOTE 4 - Economic Dependency:

The primary source of revenue for Jefferson Youth Foundation, Inc. is state and local grants provided through various funding agencies. The continued success of the Foundation is dependent upon the renewal of contracts from current funding sources as well as obtaining new funding.

JEFFERSON YOUTH FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

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 State 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, 1998, the Foundation received in-kind donations which are recorded as revenues and corresponding expenses. The value of the area of the Ames Elementary School building which the Foundation occupies, and is owned by the Jefferson Parish Public School System has been estimated to approximate \$25,710. The Public School System provides the space rent-free for the purpose of operating the program.

**JEFFERSON YOUTH FOUNDATION, INC.
SUPPLEMENTAL SCHEDULE OF EXPENSES
FOR THE YEAR ENDED JUNE 30, 1998**

	<u>Program Services</u>	<u>Supporting Services</u>	<u>Total</u>
Expenses			
Salaries and benefits	\$ 65,399	\$ 37,196	\$ 102,595
Telephone	2,216	0-	2,216
Student activities	8,378	0-	8,378
Rent	869	0-	869
Postage and express	416	0-	416
Copying	1,126	0-	1,126
Insurance	3,667	0-	3,667
Stamps	3,018	0-	3,018
Office supplies and miscellaneours	2,266	8	2,274
Arts & crafts supplies	5,488	0-	5,488
T-shirts	2,862	0-	2,862
Computer supplies and software	143	0-	143
Professional services	10,300	0-	10,300
Depreciation (NOTE 2)	15,182	0-	15,182
In-kind donations-rent (NOTE 2)	0-	25,710	25,710
Total expenses	\$ <u>121,312</u>	\$ <u>62,914</u>	\$ <u>184,226</u>

See the Independent Auditors' Report on Supplemental Information.

**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, 1998 and have issued our report thereon dated October 22, 1998. 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 *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*.

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

October 22, 1998

JEFFERSON YOUTH FOUNDATION, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 1998

We have audited the financial statements of Jefferson Youth Foundation, Inc., as of and for the year ended June 30, 1998, and have issued our report thereon dated October 23, 1998. 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. Our audit of the financial statements as of June 30, 1998 resulted in an unqualified opinion.

Section I - Summary of Auditor's Reports

a. **Report on Internal Control and Compliance Material to the Financial Statements**

Internal Control

Material Weaknesses - No

Reportable Conditions - No

Compliance

Compliance Material to Financial Statements - No

b. **Federal Awards**

Not Applicable

c. **Identification of Major Programs**

Not Applicable

Section II - Findings Relating to the Financial Statements Reported in Accordance with
Government Auditing Standards

No matters reported.

Section III - Findings and Questioned Costs Related to Federal Awards

Not Applicable

JEFFERSON YOUTH FOUNDATION, INC.
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 1998

1. **Internal Control and Compliance Material to the Financial Statements**
No prior year audit findings reported.
2. **Internal Control and Compliance Material to Federal Awards**
Not applicable.
3. **Management Letter**
No prior year comments reported.