

**NEW ORLEANS DRUG EDUCATION
INTERVENTION CENTER, INC.**

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LUTHER C. SPEIGHT & COMPANY

A Corporation of Certified Public Accountants
and Management Consultants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
New Orleans Drug Education Intervention Center, Inc.

We have audited the accompanying statement of financial position of the New Orleans Drug Education Intervention Center, Inc. (NOEIC) (a nonprofit organization) as of June 30, 1997, and the related statements of activities and statement of cash flow for the year then ended. These financial statements are the responsibility of NOEIC'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, "Audit 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 statements 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 NOEIC as of June 30, 1997, and the changes in its net assets for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated February 6, 1998, on our consideration of NOEIC's internal control structure and a report dated February 6, 1998, on its compliance with laws and regulations.

Luther C. Speight & Co.
New Orleans, Louisiana
February 6, 1998

**NEW ORLEANS DRUG EDUCATION
INTERVENTION CENTER, INC.**

**STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 1997**

	<u>1997</u>
ASSETS	
Current Assets	
Cash	\$ <u>50,775</u>
TOTAL CURRENT ASSETS	50,775
FIXED ASSETS	
Equipment	5,083
Vehicles	<u>22,637</u>
TOTAL FIXED ASSETS	27,720
TOTAL ASSETS	<u>78,495</u>
LIABILITIES AND NET ASSETS	
Current Liabilities	
Accounts Payable and Accrued Liabilities	5,204
Deferred Revenues (Note 5)	<u>39,272</u>
TOTAL CURRENT LIABILITIES	44,476
Net Assets	
Beginning Balance	55,923
Restricted Fund Balance - Property	5,083
Unrestricted Fund Balance - Other Income	<u>17,489</u>
TOTAL NET ASSETS	78,495
TOTAL LIABILITIES AND NET ASSETS	\$ <u>78,495</u>

**NEW ORLEANS DRUG EDUCATION
INTERVENTION CENTER, INC.**

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 1997**

REVENUE	1997
Restricted:	
Grant Revenue	\$ 148,128
Unrestricted:	
Other Income	<u>19,023</u>
TOTAL REVENUE	<u>167,151</u>
EXPENSES	
Program Services	
Contract Labor	3,540
Accounting	18,089
Audit Fees	3,000
Tutor	12,764
Licenses	25
Auto	1,409
Support Services	
Salaries & Wages	76,865
Payroll Taxes	6,502
Equipment Expense	5,893
Office Supplies & Expense	4,763
Telephone	1,708
Utilities	1,804
Rent	7,408
Insurance	9,841
Storage	825
Freight & Delivery	158
Miscellaneous	229
Bank Service Charges	<u>125</u>
TOTAL EXPENSES	<u>148,128</u>
CHANGES IN NET ASSETS	\$ <u>19,023</u>

**NEW ORLEANS DRUG EDUCATION
INTERVENTION CENTER, INC.**

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

Change in Net Assets	\$ 10,020
Cash Flow from Operating Activities	
Adjustments to reconcile Net Revenues over Expenditures to net Cash Provided by Operating Activities:	
Changes in Operating Assets and Liabilities:	
Grant Receivable	11,212
Accounts Payable and Accrued Liabilities	(5,703)
Deferred Revenues	<u>39,272</u>
Net cash provided by operating activities	64,804
Cash Flow from Investing Activities	
Net increase in Cash from Investing Activities	(5,083)
Cash Flow from Financing Activities	
Net decrease in Cash from Financing Activities	<u>0</u>
NET INCREASE IN CASH	49,721
CASH, BEGINNING OF YEAR	694
CASH, END OF YEAR	\$ <u>50,725</u>

**NEW ORLEANS DRUG EDUCATION
INTERVENTION CENTER, INC.**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1997**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

General - New Orleans Drug Education Intervention Center, Inc (NOEIC) is located at 2185 Louisiana Avenue in New Orleans, Louisiana. NOEIC is a nonprofit entity which caters to the needs of youths between the ages of 10-18. Its primary objective is to provide preventive drug information, education, alternative activities and intervention in the schools, in the community, and in occupational and family settings.

2. BASIS OF ACCOUNTING

The financial statements of NOEIC are prepared on the accrual basis of accounting. Accordingly, revenue is recorded when earned and expenses are recorded when incurred.

3. CASH

Cash is comprised of cash on hand and in banks.

4. INCOME TAXES

The organization is exempt from federal and state income taxation under the provisions of Internal Revenue Code Section 501(c)(3).

5. DEFERRED REVENUES

The Organization received a \$185,000 grant from the Office of Urban Affairs to fund their program for the '97 grant period. Although, all the funds were made available to the program, \$99,372 was left unspent at period end. These funds are considered received but not yet earned.



LUTHER C. SPEIGHT & COMPANY

A Corporation of Certified Public Accountants
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT ACCOUNTING STANDARDS

To the Board of Director of
New Orleans Drug Education Intervention Center, Inc.

We have audited the financial statements of New Orleans Drug Education Intervention Center, Inc. (NOEIC), a nonprofit organization, as of and for the year ended June 30, 1997, and have issued our report thereon dated February 6, 1998.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget (OMB) Circular A-133, "Audits of Institutions of Higher Education and Other Non-profit Organizations." Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to the grant fund is the responsibility of NOEIC's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the NOEIC's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the financial statements was not to provide an opinion on overall compliance with such provisions. 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.

This report is intended for the information of NOEIC's Board of Directors, management, the City of New Orleans and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record, and its distribution is not limited.

Luther C. Speight : C
New Orleans, Louisiana
February 6, 1998



LUTHER C. SPEIGHT & COMPANY

A Corporation of Certified Public Accountants
and Management Consultants

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors of
New Orleans Drug Education Intervention Center, Inc.

We have audited the financial statements of New Orleans Drug Education Intervention Center, Inc. (NOEIC) (a nonprofit organization) as of and for the year ended June 30, 1997, and have issued our report thereon dated February 6, 1998.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States and the provisions of Office of Management and Budget (OMB) Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Organizations." 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.

The management of NOEIC 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, 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 inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projections 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.

In planning and performing our audit of the financial statements of NOEIC for the year ended June 30, 1997, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedure for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

We noted the following matters involving the internal control structure and its operation that we consider to be reportable conditions under the 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 record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.


We believe the following situations to be reportable conditions as described above.

- Twelve payroll cancelled checks were not on file.

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 errors or irregularities 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.

Our consideration of the internal control structure 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.

This report is intended for the information of NOEC's Board of Directors, management, the City of New Orleans and the Legislative Auditors of the State of Louisiana. However, this report is a matter of public record, and its distribution is not limited.


Luther C. Spring
New Orleans, Louisiana
February 6, 1998

**NEW ORLEANS DRUG EDUCATION
INTERVENTION CENTER, INC.**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 1997**

FINDING # 1: CANCELED CHECKS NOT FOUND

QUESTIONED COST: NOT APPLICABLE

CONDITION:

While examining payroll transactions, we noted that canceled checks could not be located to support twelve items. We significantly expanded our sample size and no other such exceptions were noted. Additionally, we performed other procedures to determine the authenticity of check payees and no exceptions were noted. Thus, it does not appear that a significant problem exists.

EFFECT OF CONDITION:

Impairment of the ability to determine the authenticity of check payees.

RECOMMENDATION:

We recommend that NOEIC implement procedures to ensure that all canceled checks be kept on file.

**NEW ORLEANS DRUG EDUCATION
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**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 1997**

FINDING # 2: DORMANT BANK ACCOUNTS

QUESTIONED COST: NOT APPLICABLE

CONDITION:

During our examination of cash, we noted four bank accounts, which had little or no activity and minimal cash balances. It did not appear that these accounts were being monitored as no bank reconciliation's had been prepared.

EFFECT OF CONDITION:

Potential for the mishandling of cash transactions. (i.e. deposits and disbursement could be inadvertently executed from these non-operating accounts, thereby reducing the centralized control over cash activity.)

RECOMMENDATION:

We recommend that NOIEC either close these accounts or implement procedures to ensure that any activity related to these accounts is being routinely monitored.

**NEW ORLEANS DRUG EDUCATION
INTERVENTION CENTER, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE GRANT PERIOD ENDED JUNE 30, 1997**

FINDINGS # 2: CURRENT YEAR AUDIT NOT ENGAGED TIMELY

QUESTIONED COST: NOT APPLICABLE

CONDITION:

The audit of the financial statements of NOEIC for the year ended June 30, 1997 was not completed in a timely manner.

EFFECT OF CONDITION:

The effect of this condition is the organization's noncompliance with the requirements in Louisiana revised statute (LSA-RS) 24:513.

CRITERIA:

The audit must be completed *within six months of the close of the audited year, or if engaged after the close of the fiscal period, within six months of the engagement agreement.*

RECOMMENDATION:

NOEIC should insure that auditors are procured in such a manner, which enables the auditor to issue his report, with all appropriate modifications within six months of the close of the auditee's fiscal year. Additionally, during the audit administrative support should be provided to the auditor as needed.