

ROBERTS, CHERRY & COMPANY
Certified Public Accountants, Chartered

**Independent Auditor's Report on Compliance with Laws, Regulations, Contracts,
And Grants Based on an Audit of Financial Statements
Performed in Accordance with Government Auditing Standards**

To the Board of Directors of
Success Counseling Services - Northville Success Institute
Riverside City, Louisiana

We have audited the financial statements of Success Counseling Services - Northville Success Institute as of and for the year ended June 30, 1997, and have issued our report thereon dated December 17, 1997.

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.

Compliance with laws, regulations, contracts and grants applicable to Success Counseling Services - Northville Success Institute is the responsibility of Success Counseling Services - Northville Success Institute's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of Success Counseling Services - Northville Success Institute's compliance with certain provisions of laws, regulations, contracts, and grants. However, providing an opinion on overall compliance with such provisions was not an objective of our audit of the financial statements. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported herein under Government Auditing Standards.

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

Roberts, Cherry and Company
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A Corporation of
Certified Public Accountants
Baton Rouge, Louisiana
December 17, 1997

- The Organization does not have in place a method or system of approving invoices for disbursements.
- The Organization does not have a process or procedure to ensure proper accounting of all revenues and expenses items in the proper accounting periods.
- The Organization does not have procedures in place to ensure that the billing invoices are readily accessible to the supporting work logs.

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. However, we believe the failure of the Organization to prepare bank reconciliations is a material weakness.

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

Roberts, Cherry and Company

ROBERTS, CHERRY AND COMPANY

A Corporation of
 Certified Public Accountants
 Shreveport, Louisiana
 December 17, 1997

**Independent Auditor's Report on the Internal Control Structure Based on
an Audit of Financial Statements Performed in
Accordance with Government Auditing Standards**

To the Board of Directors of
Success-Counseling Services - North Ohio Success Inn
Bossier City, Louisiana

We have audited the financial statements of Success-Counseling Services - North Ohio Success Inn (a nonprofit organization) as of and for the year ended June 30, 1997, and have issued our report thereon dated December 17, 1997.

We conducted our audit in accordance with generally accepted auditing standards and Government 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.

The management of Success-Counseling Services - North Ohio Success Inn 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, 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.

In planning and performing our audit of the financial statements of Success-Counseling Services - North Ohio Success Inn 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 procedures 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 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 record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

- The Organization is not preparing timely reconciliations of its bank account to the books and records of the Organization.

Independent Auditor's Report

To the Board of Directors of
Success Counseling Services - North dth's Success Institute
Bossier City, Louisiana

We have audited the accompanying statement of financial position of Success Counseling Services - North dth's Success Institute (a nonprofit organization) as of June 30, 1987, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of Success Counseling Services - North dth's Success Institute'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. 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 Success Counseling Services - North dth's Success Institute as of June 30, 1987, and the changes in its net assets and cash flows 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 December 12, 1987 on our consideration of Success Counseling Services - North dth's Success Institute's internal control structure and a report dated December 17, 1987 on its compliance with laws and regulations.

Our audit was made for the purpose of forming an opinion on the basic financial statements of Success Counseling Services - North dth's Success Institute 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 basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Roberts, Cherry and Company
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A Corporation of
Certified Public Accountants
Shreveport, Louisiana
December 12, 1987

Success Counseling Services - North of the Success Initiative
Bozard City, Louisiana

Schedule 1

Schedule of Federal Awards
For the year ended June 30, 1997

Federal Financial Through Control Program	Federal CFDA Number	Pass- Through Division's Number	Contract Period	Cash Received	Accounts Receivable	Accounts Receivable	Balance	Expenses
					1995	June 30, 1997		
Department of Health and Human Services								
Louisiana Department of Social Services								
Youth Initiative - Member Health Counseling	93.850	441815-40	7/1/95 - 6/30/97	\$ 114,470	\$ 8,350	\$ 12,385	\$ 117,865	\$ 117,865
Total Federal Financial Assistance				\$ 114,470	\$ 8,350	\$ 12,385	\$ 117,865	\$ 117,865

The Notes to Financial Statements are an integral part of these statements

Additional Information

restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations requiring they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes.

Contributions: All contributions are considered available for unrestricted use unless specifically restricted by the donor.

Federal Income Taxes: Success Counseling Services - North d/b/a Success Inside is exempt from Louisiana income taxes and has applied for non-profit status as a Section 501(c)(3) organization.

Cash Equivalents: Success Counseling Services - North d/b/a Success Inside considers all highly liquid investments with a maturity of ninety (90) days or less when purchased to be cash equivalents.

Risks and Uncertainties: 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 reported period. Actual results could differ from those estimates.

Concentrations of Credit Risk: Success Counseling Services - North d/b/a Success Inside maintains its cash balances at one financial institution in the service delivery area. The balance with the financial institution is insured by the FDIC up to \$100,000. As June 30, 1997, the Organization had no uninsured cash balances.

Note 3 Leases

The Organization leases its office space from a related party under an agreement that runs from July 1, 1991 on a month to month basis, unless canceled at a monthly rental of \$200. The Organization also leases meeting space at the Highland Center for \$100 a month, on a month to month operating lease. Total lease expense for 1997 was \$5,200.

Note 4 Related Party Transactions

Success Counseling Services - North d/b/a Success Inside rents its office facilities and receives certain support on a reimbursed basis from Hidden Hollow Farms. During the year ended June 30, 1997, the Organization paid \$4,200 in rent expense and \$1,157 in other operating costs, including telephone and supplies. As of June 30, 1997, the Organization owed Hidden Hollow Farms \$260 for rent due, included in Accounts Payable.

Note 5 Commitments and Contingencies

Grants require the fulfillment of certain conditions as set forth in grant contracts. Failure to fulfil the conditions as set forth in the grant contracts could result in the return of grant funds to the grantor. The Organization has applied for non-profit status from inception, which is pending approval. If this status is not granted, the Organization may now incur tax liabilities on any taxable income. However, the Organization believes it will be granted non-profit tax status.

**Success Counseling Services - North of the Success Institute
Bossier City, Louisiana**

Notes to the Financial Statements
June 30, 1997

Note 1 Organization

Success Counseling Services - North of the Success Institute is a not-for-profit human services organization specializing in serving mentally and emotionally challenged young persons in settings common to the clients. The organization began operations in July 1995, and serves clients in the Louisiana parishes of Cadeo, Bossier, Natchitoches, DeBato, Calcasieu, Bienville, Sabine, Red River and Webster. The organization therefore extends credit in the form of necessities with granting and contracting state agencies on an unsecured basis. The Organization relies upon the funding from these agencies for its operations.

Note 2 Summary of Significant Accounting Policies

The accounting policies of the agency conform to generally accepted accounting principles as applicable to voluntary health and welfare organizations. The most significant accounting policies of the agency are described below:

Basis of Accounting: The agency prepares its financial statements on the accrual basis of accounting. Accordingly, revenues are recognized when earned and expenses are recognized when incurred.

Exceptional Expenses: Expenses are charged to each program based upon direct expenditures incurred.

Accounts Receivable: Success Counseling Services - North of the Success Institute extends credit to granting agencies in the course of performing services in Central and North Louisiana on an unsecured basis. In addition, State agencies provide reimbursement of allowed costs in connection with providing services under contract with these agencies.

Net Assets: Under the provisions of Statement of Financial Accounting Standards No. 117, "Financial Statements for Not-For-Profit Organizations", net assets and revenues and contributions, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets which are not subject to donor-imposed stipulations. Support restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized.

Temporarily restricted net assets - Net assets which are subject to donor-imposed stipulations which may or will be met either by actions of the Organization and/or the passage of time. All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (i.e., when a stipulated time restriction ends or purpose restriction is accomplished), temporarily

**Success Consulting Services - North d/b/a Success Inside
Bossier City, Louisiana**

Entity D

**Statement of Cash Flows
For the year ended June 30, 1997**

Increase (Decrease) in Cash

Cash Flow from Operating Activities		
Change in Net Assets	\$	13,049
Adjustments to Reconcile Change in Net Assets to Cash Provided by Operating Activities		
Changes in Assets and Liabilities (Increase) Decrease in		
Grant Receivable	(2,370)
Prepaid Insurance	(3,131)
Increase (Decrease) in Accounts Payable	(14,008)
Accrued Payroll and Taxes		27,816
Cash Provided by Operations	_____	16,156
Cash Flows from Investing Activities		-
Cash Flows from Financing Activities		_____
Net Increase in Cash		16,156
Cash, Beginning of Year		5,693
Cash, End of Year	\$	<u>21,849</u>

The notes to Financial Statements are an integral part of these statements

**Success Counseling Services - Northville Success Institute
Bossier City, Louisiana**

Exhibit C

**Statement of Functional Expenses
For the year ended June 30, 1997**

	<u>Administration</u>	<u>Mental Health</u>	<u>Total</u>
Salaries and Contract Services	\$ 21,580	\$ 181,415	\$ 203,000
Payroll Taxes	1,544	13,500	15,044
Accounting and Professional Services		8,500	8,500
Office Supplies		3,005	3,005
Consulting		330	330
Telephone		1,204	1,204
Postage		250	250
Building Rent		5,200	5,200
Equipment Rent		267	267
Travel		128	128
Insurance		18,412	18,412
Other		2,227	2,227
Total	\$ 23,124	\$ 204,530	\$ 227,654

The notes to Financial Statements are an integral part of these statements.

**Success Counseling Services - North d/b/a Success Innite
Bossier City, Louisiana**

Exhibit B

**Statement of Activities
For the year ended June 30, 1997**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenue from Operations				
Government Grants and Fees	\$ -	\$ 237,915	\$ -	\$ 237,915
Other Revenue	2,798	-	-	2,798
Net Assets Released from Restrictions	237,915	(237,915)	-	-
Total Revenue from Operations	240,713	-	-	240,713
Expenses				
Program Services - Mental Health	204,520	-	-	204,520
Support Services - Administration	23,134	-	-	23,134
Total Expenses	227,654	-	-	227,654
Change in Net Assets	13,059	-	-	13,059
Net Assets, Beginning of Year	(6,948)	-	-	(6,948)
Net Assets, End of Year	\$ 6,110	\$ -	\$ -	\$ 6,110

The notes to Financial Statements are an integral part of these statements.

**Success Counseling Services - North ddb/a Success Innite
Bossier City, Louisiana**

Exhibit A

**Statement of Financial Position
June 30, 1997**

<i>Assets</i>	
Current Assets	
Cash	\$ 21,841
Grants Receivable	16,580
Prepaid Insurance	3,680
Total Current Assets	<u>42,091</u>
Total Assets	<u>\$ 42,091</u>
Liabilities and Net Assets	
Current Liabilities	
Accounts Payable	\$ 1,949
Accrued Payroll and Taxes	34,443
Total Current Liabilities	<u>36,392</u>
Net Assets	
Unrestricted	6,100
Temporarily Restricted	-
Permanently Restricted	-
Total Net Assets	<u>6,100</u>
Total Liabilities and Net Assets	<u>\$ 42,091</u>

The notes to Financial Statements are an integral part of these statements.

**Success Counseling Services - North of the Success Inn
Bossier City, Louisiana**

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