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SEP 10 1997

**Futures Foundation, Inc.**  
**Shreveport, Louisiana**

**Financial Statements**

**As of and for the Year Ended June 30, 1996**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the auditor, or reviewed, 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 SEP 10 1997

Futures Foundation, Inc.  
Shreveport, Louisiana

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## Independent Auditors' Report

To the Board of Directors  
Futures Foundation, Inc.  
Shreveport, Louisiana

We have audited the accompanying statement of financial position of Futures Foundation, Inc., (a nonprofit corporation) as of June 30, 1996, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Futures Foundation, Inc.'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 OMB Circular A-133, Audits of Institutions of Higher Education and Other Nonprofit 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. 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 Futures Foundation, Inc., as of June 30, 1996, and the changes in its net assets and its 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 August 15, 1997 and shown on pages 18-19 on our consideration of Futures Foundation, Inc.'s internal control structure and a report dated August 15, 1997 and shown on page 20 on its compliance with laws and regulations.

Our audit was made for the purpose of forming an opinion on the financial statements of Futures Foundation, Inc. taken as a whole. The accompanying supplemental information schedules listed in the table of contents, and shown on page 14-16, are presented for the purpose of additional analysis and are not a required part of the financial statements. The information in those schedules have been subjected to the procedures applied in the audits of the financial statements and, in our opinion, are fairly stated in all material respects in relation to the financial statements taken as a whole.



Cook & Morehart  
Certified Public Accountants  
August 15, 1997

Futures Foundation, Inc.  
 Shreveport, Louisiana  
 Statement of Financial Position  
 June 30, 1996

Assets		
Current assets:		
Cash and cash equivalents	\$	6,988
Grant receivable		5,383
Total current assets		12,371
Property and equipment:		
Property and equipment		32,354
Accumulated depreciation	(	21,131)
Net property and equipment		11,223
Total Assets		\$ 23,594
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$	7,508
Accrued expenses		4,643
Total current liabilities		12,151
Net assets		
Unrestricted:		
Operating		220
Fixed assets		11,223
Total net assets		11,443
Total Liabilities and Net Assets		\$ 23,594

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

Futures Foundation, Inc.  
 Shreveport, Louisiana  
 Statement of Activities  
 For the Year Ended June 30, 1996

	<u>Unrestricted</u>
<b>Revenues and Other Support:</b>	
Grants revenue	\$ 295,845
Miscellaneous	50
Interest income	<u>2,406</u>
Total revenues and other support	<u>298,301</u>
<b>Expenses:</b>	
Student referral center	188,653
Neighborhood mobilization	57,501
Governor's drug-free program	17,166
General and administrative	<u>37,220</u>
Total expenses	<u>300,540</u>
Change in net assets	( 2,239)
Net assets as of beginning of year	13,682
Net assets as of end of year	<u><u>\$ 11,443</u></u>

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

Futures Foundation, Inc.  
 Shreveport, Louisiana  
 Statement of Functional Expenses  
 For the Year Ended June 30, 1996

	<u>Student Referral Center</u>	<u>Neighborhood Mobilization</u>	<u>Governor's Drug-Free Program</u>	<u>General and Administrative</u>	<u>Total</u>
Personnel	\$ 133,275	\$ 41,193	\$ 12,590	\$ 30,091	\$ 217,149
Fringe benefits	14,751	4,411	1,278	—	20,440
Repairs and maintenance	112	—	494	—	606
Training/Consultants	2,000	3,973	—	—	5,973
Materials/Supplies	8,923	912	1,386	1,320	12,541
Program Facilities	3,000	6,800	—	3,165	12,965
Telephone	—	—	152	528	680
Contractual	10,000	—	200	1,647	11,847
Program Services	10,611	—	117	—	10,728
Other	215	212	949	144	1,520
Depreciation	5,766	—	—	325	6,091
<b>Total expenses</b>	<u>\$ 188,653</u>	<u>\$ 57,501</u>	<u>\$ 17,166</u>	<u>\$ 37,220</u>	<u>\$ 300,540</u>

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



Futures Foundation, Inc.  
 Shreveport, Louisiana  
 Statement of Cash Flows  
 For the Year Ended June 30, 1996

Operating Activities:

Change in net assets	\$ ( 2,239)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	6,091
(Increase) decrease in operating assets:	
Grant receivable	( 664)
Increase (decrease) in operating liabilities:	
Accounts payable	( 10,919)
Accrued expenses	( 4,550)
Net cash used by operating activities	<u>( 12,281)</u>
Net decrease in cash and cash equivalents	( 12,281)
Cash and cash equivalents as of beginning of year	19,269
Cash and cash equivalents as of end of year	<u>\$ 6,988</u>

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

Futures Foundation, Inc.  
Shreveport, Louisiana  
Notes to Financial Statements  
June 30, 1996

(1) Summary of Significant Accounting Policies

A. Nature of Activities

Futures Foundation, Inc. (Futures Foundation), is a private nonprofit organization incorporated under the laws of the State of Louisiana. Futures Foundation is governed by a Board of Directors composed of six members.

Futures Foundation provides a supervised environment for students who have been suspended and/or expelled from local schools. The agency's support comes primarily from contractual arrangements with governmental agencies. The following contracts, shown with their approximate percentage of revenues, were operated by Futures Foundation during the year:

**Student Referral Center ( 76%)** – Provides educational instruction to youth that have been expelled or suspended from the Caddo Parish School System; provides after school tutorial programs; and provides summer enrichment programs.

**Neighborhood Mobilization (19%)** – Provides educational training for effective family management; establishes alternatives to drug related activities; identifies awareness of the neighborhoods' role in the larger community; and enhances opportunities for teen peer leadership training.

**Governor's Safe and Drug-Free Schools and Communities grant (5%)** – Provides activities designed to develop and implement community based drug prevention, intervention, education, and rehabilitation referral programs and to reduce the use of illegal substances by forming partnerships that will engage community residents in family friendly drug awareness and personal responsibility projects.

B. Basis of Accounting

The financial statements of Futures Foundation, have been prepared on the accrual basis of accounting.

C. Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, the Futures Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

(Continued)

Futures Foundation, Inc.  
Shreveport, Louisiana  
Notes to Financial Statements  
June 30, 1996  
(Continued)

D. **Income Tax Status**

Futures Foundation is exempt from federal income tax under Section 501(c)3 of the Internal Revenue Code. However, income from activities not directly related to Futures Foundation's tax-exempt purpose is subject to taxation as unrelated business income. Futures Foundation had no such income for this audit period.

E. **Use of Estimates**

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 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.

F. **Cash and Cash Equivalents**

For purposes of the Statement of Cash Flows, Futures Foundation, Inc. considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

G. **Property and Equipment**

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using primarily the straight-line method.

H. **Restricted and Unrestricted Revenue and Support**

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Support that is 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. All other 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 (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. There were no temporarily or permanently restricted net assets as of June 30, 1996.

(Continued)

Futures Foundation, Inc.  
 Shreveport, Louisiana  
 Notes to Financial Statements  
 June 30, 1996  
 (Continued)

(2) Change in Accounting Principles

In the year ended June 30, 1996, Futures Foundation elected to adopt Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117 Futures Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, Futures Foundation is required to present a Statement of Cash Flows. Futures Foundation has, accordingly reclassified its financial statements to present the three classes of net assets required. This reclassification had no effect on the change in net assets for 1996.

(3) Concentrations of Credit Risk

Financial instruments that potentially subject Futures Foundation to concentrations of credit risk consist principally of temporary cash investments and grants receivable.

Futures Foundation maintains its cash balances at a local financial institution located in their service delivery area. Accounts at the institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000. At June 30, 1996 there were no uninsured balances at those institutions.

Concentrations of credit risk with respect to grants receivable is limited due to the amounts being due from governmental agencies under contractual terms. As of June 30, 1996, Futures Foundation had no significant concentrations of credit risk in relation to grants receivable.

(4) Property and Equipment

Property and equipment consisted of the following at June 30, 1996:

	Estimated Depreciable <u>Life</u>	
Furniture and equipment	5-10 years	\$ 32,354
Less: Accumulated Depreciation		<u>(21,131)</u>
Net Book Value		<u>\$ 11,223</u>

Depreciation expense for the year ended June 30, 1996 was \$6,091.

(Continued)

Futures Foundation, Inc.  
Shreveport, Louisiana  
Notes to Financial Statements  
June 30, 1996  
(Continued)

(5) Contractual Revenue – Grants

During the year ended June 30, 1996, Futures Foundation received contractual revenue from federal and state grants in the amount of \$295,845. The continued existence of these funds are based on annual contract renewals with various funding sources.

(6) Accrued Expenses

Accrued expenses consisted of the following at June 30, 1996:

Accrued payroll	\$ 4,198
Payroll taxes payable	445
	<hr/>
	<u>\$ 4,643</u>

(7) Leases Payable

Futures Foundation leases certain property and equipment under operating leases. Rental costs on those items for the year ended June 30, 1996 was \$17,544. There were no leases at June 30, 1996, with remaining, non-cancellable lease terms in excess of one year.

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## Report on Schedule of Federal Awards

To the Board of Directors  
Futures Foundation, Inc.  
Shreveport, Louisiana

We have audited the financial statements of Futures Foundation, Inc. for the year ended June 30, 1996, and have issued our report thereon dated August 15, 1997. These financial statements are the responsibility of Futures Foundation, Inc.'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 and OMB Circular A-133, Audits of Institutions of Higher Education and Other Nonprofit 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. 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.

Our audit was made for the purpose of forming an opinion on the financial statements of Futures Foundation, Inc. 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 financial statements. The information in that Schedule has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.



Cook & Morehart  
Certified Public Accountants  
August 15, 1997

Futures Foundation, Inc.  
 Shreveport, Louisiana  
 Schedule of Federal Awards  
 For the Year Ended June 30, 1996

<u>Federal Grantor / Pass-Through Grantor / Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures</u>
<b>NONMAJOR PROGRAMS:</b>			
<u>U.S. Department of Health and Human Services</u>			
Passed through Louisiana Department of Health & Hospitals: Neighborhood Mobilization Program	93.959	57623	\$ 56,416
<u>U.S. Department of Education</u>			
Passed through Louisiana Department of Education: Safe & Drug--Free Schools & Community Act	84.186	28-95-73BTD	14,429
Total Federal Expenditures			<u>\$ 70,845</u>

**Supplemental Schedules Prepared for  
Grants and Contracts Analysis**



Futures Foundation, Inc.  
 Shreveport, Louisiana  
 Student Referral Center  
 Grant No. 100-6011

Schedule of Revenues, Expenses and Changes in Fund Balance  
 For the Contract Period: July 1, 1995 to June 30, 1996

Revenue:

Contract revenue	\$ 225,000
Total revenues	225,000

Expenses:

Salaries	133,275
Fringe benefits	14,751
Program facilities	3,000
Training & consultants	2,000
Materials & supplies	8,923
Program services	10,611
Contractual services	10,000
Administrative costs	33,750
Maintenance & repairs	112
Miscellaneous	215
Total expenses	216,637

Excess revenue (expenses)	8,363
---------------------------	-------

Fund balance, beginning July 1, 1995	( 9,204)
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Fund balance, ending June 30, 1996	\$ ( 841)
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Futures Foundation, Inc.  
Shreveport, Louisiana  
Neighborhood Mobilization  
Grant No. 57623

Schedule of Revenues, Expenses and Changes in Fund Balance  
For the Contract Period: July 1, 1995 to June 30, 1996

Revenue:

Contract revenue	\$ 56,416
Total revenues	<u>56,416</u>

Expenses:

Salaries	41,193
Fringe benefits	4,411
Program facilities	6,800
Materials & supplies	1,124
Training & consultants	3,973
Total expenses	<u>57,501</u>

Excess revenue (expenses) ( 1,085)

Fund balance, beginning July 1, 1995 —

Fund balance, ending June 30, 1996 \$ ( 1,085)

Futures Foundation, Inc.  
 Shreveport, Louisiana  
 Governor's Safe & Drug--Free Schools & Communities  
 Grant No. 28--95--73BTD  
 Schedule of Revenues, Expenses and Changes in Fund Balance  
 For the Contract Period: July 1, 1995 to June 30, 1996

Revenue:

Contract revenue	\$ 14,429
Miscellaneous	50
Total revenues	14,479

Expenses:

Salaries	12,590
Fringe benefits	1,278
Materials & supplies	1,386
Program services	117
Contractual	200
Administrative costs	1,069
Maintenance & repairs	494
Telephone	152
Miscellaneous	949
Total expenses	18,235

Excess revenue (expenses) ( 3,756)

Fund balance, beginning July 1, 1995 6,873

Fund balance, ending June 30, 1996 \$ 3,117

**Reports in Accordance With Government Auditing Standards**

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## Report on Internal Control Structure Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

To the Board of Directors  
Futures Foundation, Inc.  
Shreveport, Louisiana

We have audited the financial statements of Futures Foundation, Inc. as of and for the year ended June 30, 1996, and have issued our report thereon dated August 15, 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 Futures Foundation, Inc. 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 managements' 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 Futures Foundation, Inc. for the year ended June 30, 1996, 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 reportable conditions we noted are as follows:

#### General Ledgers/Financial Statements

During the course of our audit, we noted that no general ledgers or financial statements were prepared by the agency during the year. After the year ended, all activity was posted and a general ledger was generated. We recommend that activity be posted and general ledgers and financial statements be generated on a monthly basis to provide management with information necessary to monitor the ongoing operations of the agency throughout the year.

#### Bank Reconciliations

During the course of our audit, we noted that no bank reconciliations were prepared on any of the bank accounts of Futures Foundation, Inc. during the year. We recommend that bank accounts be reconciled to agency's general ledger on a monthly basis ensure that management is receiving accurate financial information.

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 none of the reportable conditions described above are material weaknesses.

We also noted other matters involving the internal control structure and its operation that we have reported to the management of Futures Foundation, Inc. in a separate management letter dated August 15, 1997.

This report is intended for the information of management, the Board of Directors and the various funding sources of the Agency. However, this report is a matter of public record and its distribution is not limited.



Cook & Morehart  
Certified Public Accountants  
August 15, 1997

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## Compliance Report Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

To the Board of Directors  
Futures Foundation, Inc.  
Shreveport, Louisiana

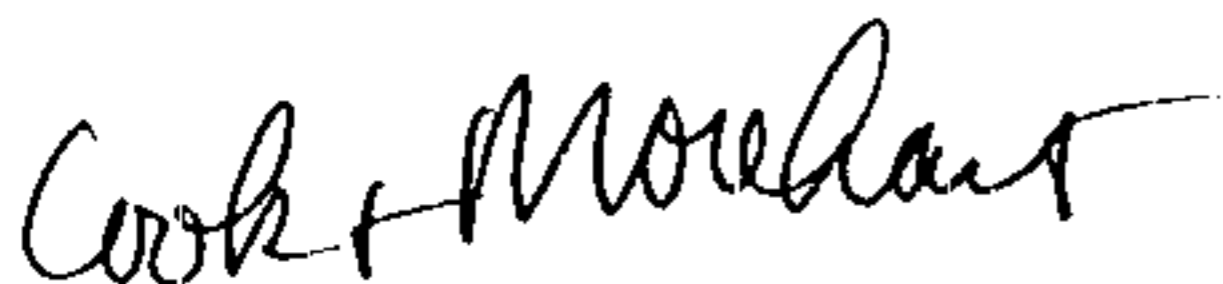
We have audited the financial statements of Futures Foundation, Inc., Inc. as of and for the year ended June 30, 1996, and have issued our report thereon dated August 15, 1997.

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.

Compliance with laws, regulations, contracts, and grants applicable to Futures Foundation, Inc. is the responsibility of Futures Foundation, Inc.'s management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of Futures Foundation, Inc.'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 herein under Government Auditing Standards. However, we noted certain immaterial instances of noncompliance that we have reported to the management of Futures Foundation, Inc. in the accompanying Schedule of Findings and Questioned Costs and in a separate management letter dated August 15, 1997.

This report is intended for the information of management, the Board of Directors and the various funding sources of the Agency. However, this report is a matter of public record and its distribution is not limited.



Cook & Morehart  
Certified Public Accountants  
March 7, 1997

**Reports in Accordance With OMB Circular A-133**



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## Single Audit Report on the Internal Control Structure Used in Administering Federal Awards

To the Board of Directors  
Futures Foundation, Inc.  
Shreveport, Louisiana

We have audited the financial statements of Futures Foundation, Inc. as of and for the year ended June 30, 1996, and have issued our report thereon dated August 15, 1997.

We conducted our audit in accordance with generally accepted auditing standards; Government Auditing Standards, issued by the Comptroller General of the United States; and 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 and about whether Futures Foundation, Inc. complied with laws and regulations, noncompliance with which would be material to a federal program.

In planning and performing our audit for the year ended June 30, 1996, we considered the Agency's internal control structure in order to determine our auditing procedures for the purpose of expressing our opinions on Futures Foundation, Inc.'s financial statements and to report on the internal control structure in accordance with OMB Circular A-133. This report addresses our consideration of internal control structure policies and procedures relevant to compliance with *requirements applicable to federal programs*. We have addressed policies and procedures relevant to our audit of the financial statements in a separate report dated August 15, 1997.

The management of Futures Foundation, Inc. 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, 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, and that federal awards programs are managed in compliance with applicable laws and regulations. Because of inherent limitations in any internal control structure, errors, irregularities, or instances of noncompliance may nevertheless occur and not be detected. Also, projection of any evaluation of the systems 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.

For the purpose of this report, we have classified the significant internal control structure policies and procedures used in administering federal programs in the following categories:

**Accounting controls**

- Cash
- Revenue, receivables and receipts
- Expenditures for goods and services and accounts payable
- Payroll and related liabilities
- Property, equipment and capital expenditures
- Debt and other liabilities
- Governmental financial assistance programs

**Controls used in administering individual federal financial assistance programs**

**General requirements**

- Political activity
- Civil Rights
- Cash management
- Federal financial reports
- Allowable costs/cost principles
- Drug-Free Workplace Act
- Administrative requirements

**Specific requirements**

- Types of services
- Eligibility
- Matching level of effort
- Reporting
- Cost allocation
- Special requirements if any

For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and determined whether they have been placed in operation, and we assessed control risk.

During the year ended June 30, 1996, Futures Foundation, Inc. had no major programs and expended 80% of its total federal awards under the following nonmajor program:

1. Neighborhood Mobilization Grant: CFDA #93.959

We performed tests of controls, as required by OMB Circular A-133, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for

advances and reimbursements and amounts claimed or used for matching that are applicable to the aforementioned nonmajor program. Our procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. 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 administer federal award programs in accordance with applicable laws and regulations.

The reportable conditions we noted are as follows:

#### General Ledgers/Financial Statements

During the course of our audit, we noted that no general ledgers or financial statements were prepared by the agency during the year. After the year ended, all activity was posted and a general ledger was generated. We recommend that activity be posted and general ledgers and financial statements be generated on a monthly basis to provide management with information necessary to monitor the ongoing operations of the agency throughout the year.

#### Bank Reconciliations

During the course of our audit, we noted that no bank reconciliations were prepared on any of the bank accounts of Futures Foundation, Inc. during the year. We recommend that bank accounts be reconciled to agency's general ledger on a monthly basis ensure that management is receiving accurate financial information.

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 noncompliance with laws and regulations that would be material to a federal award program 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 policies and procedures used in administering federal awards 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 that none of the reportable conditions described above are material weaknesses.

We also noted other matters involving the internal control structure and its operation that we have reported to the management of Futures Foundation, Inc. in a separate management letter dated August 15, 1997.

This report is intended for the information of management, the Board of Directors and the various funding sources of the Agency. However, this report is also a matter of public record and its distribution is not limited.



Cook & Morehart  
Certified Public Accountants  
August 15, 1997

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## Single Audit Report on Compliance With the General Requirements Applicable to Federal Programs

To the Board of Directors  
Futures Foundation, Inc., Inc.  
Shreveport, Louisiana

We have audited the financial statements of Futures Foundation, Inc., as of and for the year ended June 30, 1996, and have issued our report thereon dated August 15, 1997.

We have applied procedures to test Futures Foundation, Inc.'s compliance with the following requirements applicable to its federal programs, which are identified in the accompanying schedule of federal awards, for the year ended June 30, 1996:

Political activity	Allowable costs/cost principles
Civil Rights	Drug-free workplace act
Cash management	Administrative requirements
Federal financial reports	

Our procedures were limited to the applicable procedures described in the Office of Management and Budget's Compliance Supplement for Audits of Institutions of Higher Learning and Other Non-Profit Institutions. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on Futures Foundation, Inc.'s compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of our procedures disclosed no material instances of noncompliance with the requirements listed above. With respect to items not tested, nothing came to our attention that caused us to believe that Futures Foundation, Inc. has not complied, in all material respects, with those requirements.

This report is intended for the information of management, the Board of Directors and the various funding sources of the organization. However, this report is a matter of public record and its distribution is not limited.



Cook & Morehart  
Certified Public Accountants  
August 15, 1997

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## Single Audit Report on Compliance With Specific Requirements Applicable to Nonmajor Federal Program Transactions

To the Board of Directors  
Futures Foundation, Inc.  
Shreveport, Louisiana

We have audited the financial statements of Futures Foundation, Inc. as of and for the year ended June 30, 1996, and have issued our report thereon dated August 15, 1997.

In connection with our audit of the financial statements of Futures Foundation, Inc., and with our consideration of Futures Foundation, Inc.'s internal control structure used to administer federal programs, as required by Office of Management and Budget Circular A-133, Audits of Institutions of Higher Education and Other Nonprofit Organizations, we selected certain transactions applicable to certain nonmajor federal programs for the year ended June 30, 1996.

As required by OMB Circular A-133, we have performed auditing procedures to test compliance with the requirements governing types of services allowed or unallowed and eligibility that are applicable to those transactions. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on Futures Foundation, Inc.'s compliance with these requirements. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that Futures Foundation, Inc. had not complied, in all material respects, with those requirements. However, the results of our procedures disclosed immaterial instances of noncompliance with those requirements, which are described in the accompanying Schedule of Findings and Questioned Costs and in a separate management letter dated August 15, 1997.

This report is intended for the information of management, the Board of Directors and the various funding sources of the agency. However, this report is a matter of public record and its distribution is not limited.



Cook & Morehart  
Certified Public Accountants  
August 15, 1997

Futures Foundation, Inc.  
Shreveport, Louisiana  
Schedule of Findings and Questioned Costs  
June 30, 1996

**PRIOR YEAR'S FINDING:**

There was one compliance finding in the prior audit for the year ended June 30, 1995 concerning submission of the audit report. This is a repeat finding this year.

**CURRENT YEAR FINDINGS:**

There is one finding for this audit period ending June 30, 1996, as described below:

**Finding #1**

The agency was unable to provide supporting documentation for the following payments made to vendors with federal funds, resulting in questioned costs for the amounts shown:

Governor's Drug-Free program -- Check # 270 -- \$961.95  
Neighborhood Mobilization program -- Check # 515 -- \$500.00

We recommend that the agency contact its funding sources to determine the allowability of these grant expenditures.

**Finding #2**

**Submission of Audit Report**

The audit report for the year ended June 30, 1996 was not submitted to the Legislative Auditor's Office within six months after the audit year end. Futures Foundation, Inc. is aware of the policy of the Legislative Auditor's Office concerning submission of audit reports as it relates to Louisiana Revised Statute 24:513(A)(5)(a).

**Comment #2:** During our audit, we noted that there is no formal approval process for purchases and disbursements. No purchase order system is in place.

We recommend that the agency develop and implement a formal approval process for all disbursements to include physical approval of payments by management and the use of purchase orders for purchases.

**Comment #3:** During our audit, we noted that there was not a consistent method used for issuing travel reimbursements.

We suggest that the Agency formulate a written travel policy to be utilized in the disbursement of travel reimbursements. The policy should include at a minimum an appropriate method to account for the following items: 1) amounts to be reimbursed for tips, the documentation required and whether tips are included in the meal per diem, 2) whether meals provided by a conference will reduce the meal per diem, 3) time frame for reconciling return travel when advances are issued, and the procedures to obtain any money due back from the traveler, and 4) procedures for obtaining prior funding source approval, when required.

**Comment #4:** During our testing of the agency's payroll system, we noted the following:

1. No state unemployment reports had been filed and no unemployment taxes had been paid by the agency since its inception. As of 6/30/96, it is estimated that approximately \$6,630 is due to the State of Louisiana in unemployment taxes. As of August 20, 1997, no reports or payments due for these periods have yet been filed. This liability was recorded in the agency's financial statements for the year ended June 30, 1996.

We recommend that the agency file state unemployment reports and pay unemployment taxes for all past and present periods currently due. We also recommend that the agency implement procedures to ensure that the reports are prepared and submitted timely, along with any payments due, in the future.

2. No pay authorizations existed for employees paid from the Governor's Drug-Free program, Neighborhood Mobilization program, and Administrative account. In addition, no timesheets were prepared by employees of these programs. Pay authorizations and sign-in sheets were utilized by the Student Referral program, but some of the pay authorizations were not signed or dated by supervisors.

We recommend that the agency utilize written pay authorizations for all employees, and update them for any changes in employee pay. Pay authorizations should be physically approved by supervisors initially and each time a change is made. We further recommend that timesheets be submitted for all employees and be physically approved by supervisors.

3. Forms W-4 were not maintained for all employees.

We recommend that the Agency implement procedures to ensure that Form W-4 are maintained for all employees.

4. Forms 941 were not prepared correctly. Total salaries paid each quarter were not always included on the quarterly 941 reports.

We recommend that the salaries reported on the quarterly 941 reports be reconciled quarterly to the salary accounts on the general ledger to ensure that all salaries and wages are being reported in the correct period.

This letter is furnished solely for the use of management and is not to be used for any other purpose.



Cook & Morehart  
Certified Public Accountants