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CHILDREN'S BUREAU OF NEW ORLEANS

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
COMPLIANCE AND INTERNAL CONTROLS OVER FINANCIAL
REPORTING AND COMPLIANCE IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS AND OMB CIRCULAR A-133

Year Ended June 30, 1998

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, 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 _____

CHILDREN'S BUREAU OF NEW ORLEANS

Year Ended June 30, 1998

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INDEPENDENT AUDITOR'S REPORT

President and Board of Directors
Children's Bureau of New Orleans
New Orleans, Louisiana

We have audited the accompanying statement of financial position of Children's Bureau of New Orleans (a non-profit organization) as of June 30, 1998, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Children's Bureau of New Orleans' 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 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. 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 Children's Bureau of New Orleans 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.

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with Children's Bureau of New Orleans' financial statements for the year ended June 30, 1997, from which the summarized information was derived.

President and Board of Directors
Children's Bureau of New Orleans

In accordance with *Government Auditing Standards*, we have also issued reports dated September 24, 1998, on our consideration of Children's Bureau of New Orleans' internal control over financial reporting, and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplementary information on pages 14 and 15 is presented for purposes of additional analysis and is not a required part of the basic financial statements of Children's Bureau of New Orleans. The schedule of expenditures of federal awards on page 16 is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Such information has been subjected to the auditing procedures applied in the audit of the 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.

Spilsbury, Hamilton, Legendre & Paciera

September 24, 1998

CHILDREN'S BUREAU OF NEW ORLEANS
STATEMENT OF FINANCIAL POSITION
JUNE 30, 1998
With Summarized Financial Information
at June 30, 1997

	<u>1998</u>	<u>1997</u>
<u>ASSETS</u>		
Cash and cash equivalents:		
Board designated	\$ 79,212	\$122,201
Undesignated	<u>7,646</u>	<u>37,981</u>
	86,858	160,182
Accounts receivable	124,980	161,168
Prepaid insurance	7,994	6,207
Investments	171,543	157,804
Investments restricted for the purchase of property and equipment	0	25,000
Deposits on leased property	5,000	0
Property and equipment	94,128	40,765
Accumulated depreciation	<u>(39,826)</u>	<u>(30,312)</u>
 Total Assets	 <u>\$450,677</u>	 <u>\$520,814</u>
 <u>LIABILITIES</u>		
Accounts payable	\$ 21,895	\$ 10,242
Accrued salaries and wages	3,452	10,917
Accrued retirement	24,604	14,118
Accrued unemployment	4,014	4,014
Accrued vacation	<u>26,624</u>	<u>23,539</u>
 Total Liabilities	 <u>80,589</u>	 <u>62,830</u>
 <u>NET ASSETS</u>		
Unrestricted	370,088	401,231
Temporarily restricted	<u>0</u>	<u>56,753</u>
 Total Net Assets	 <u>370,088</u>	 <u>457,984</u>
 Total Liabilities and Net Assets	 <u>\$450,677</u>	 <u>\$520,814</u>

See accompanying notes to financial statements.

CHILDREN'S BUREAU OF NEW ORLEANS
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 1998
With Summarized Financial Information
for the Year Ended June 30, 1997

	<u>Unrestricted</u>
<u>SUPPORT AND REVENUE</u>	
Contributions, private grants and membership dues	\$ 41,889
Fees and grants from governmental agencies	554,391
Program service fees	60,721
Conference registration fees	19,389
Dividends and interest	10,815
Net realized and unrealized gains on investments	22,590
Fund raising	17,618
Miscellaneous	2,014
United Way allocation and designations	26,506
Net assets released from restrictions	<u>539,048</u>
<i>Total Support and Revenue</i>	<u>1,294,981</u>
<u>EXPENSES</u>	
Program services:	
Adoption/Foster care	201,289
Counseling	548,295
Loss and Survival Team	<u>418,294</u>
	<u>1,167,878</u>
Supporting services:	
Management and general	118,023
Resource development	<u>40,223</u>
	<u>158,246</u>
<i>Total Expenses</i>	<u>1,326,124</u>
Increase (Decrease) in Net Assets Before Extraordinary Item	(31,143)
Extraordinary Item - Gain on Pension Settlement	<u>0</u>
Increase (Decrease) in Net Assets	(31,143)
<u>NET ASSETS</u>	
Beginning of year	<u>401,231</u>
End of year	<u>\$ 370,088</u>

See accompanying notes to financial statements.

<u>Temporarily Restricted</u>	<u>1998 Total</u>	<u>1997 Total</u>
\$142,184	\$ 184,073	\$ 146,923
0	554,391	392,599
0	60,721	70,168
0	19,389	17,535
0	10,815	11,941
0	22,590	23,455
0	17,618	25,789
0	2,014	2,295
340,111	366,617	354,084
<u>(539,048)</u>	<u>0</u>	<u>0</u>
<u>(56,753)</u>	<u>1,238,228</u>	<u>1,044,789</u>
0	201,289	211,282
0	548,295	450,011
<u>0</u>	<u>418,294</u>	<u>255,269</u>
<u>0</u>	<u>1,167,878</u>	<u>916,562</u>
0	118,023	116,814
<u>0</u>	<u>40,223</u>	<u>8,218</u>
<u>0</u>	<u>158,246</u>	<u>125,032</u>
<u>0</u>	<u>1,326,124</u>	<u>1,041,594</u>
(56,753)	(87,896)	3,195
<u>0</u>	<u>0</u>	<u>8,307</u>
(56,753)	(87,896)	11,502
<u>56,753</u>	<u>457,984</u>	<u>446,482</u>
<u>\$ 0</u>	<u>\$ 370,088</u>	<u>\$ 457,984</u>

CHILDREN'S BUREAU OF NEW ORLEANS
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 1998
With Summarized Financial Information
for the Year Ended June 30, 1997

	<u>Program Services</u>		
	<u>Adoption/ Foster Care</u>	<u>Counseling</u>	<u>Loss and Survival Team</u>
Salaries	\$134,404	\$389,500	\$268,654
Employees' retirement benefits and medical insurance	11,734	32,542	20,477
Payroll taxes	<u>12,465</u>	<u>33,350</u>	<u>23,569</u>
<i>Total Employee Compensation</i>	158,603	455,392	312,700
Professional fees and contract service payments	6,768	1,753	10,453
Supplies	1,447	5,512	6,955
Telephone	3,403	10,446	6,475
Postage and messenger service	454	472	3,033
Occupancy	10,782	28,801	14,291
Equipment maintenance	0	3,307	935
Printing and publications	530	24	486
Travel and other transportation	2,477	6,051	5,956
Conferences and meetings	520	1,541	3,254
Specific assistance	13,452	30,193	22,949
Membership dues	877	150	100
Moving	0	0	0
Awards and grants	0	0	213
Depreciation	0	0	263
PTSD Conference	0	0	29,471
Miscellaneous and insurance	<u>1,976</u>	<u>4,653</u>	<u>760</u>
<i>Total Expenses</i>	<u>\$201,289</u>	<u>\$548,295</u>	<u>\$418,294</u>

See accompanying notes to financial statements.

Supporting Services

<u>Total Program Services</u>	<u>Management and General</u>	<u>Resource Development</u>	<u>Total Supporting Services</u>	<u>Total Program and Supporting Services Expenses</u>	
				<u>1998</u>	<u>1997</u>
\$ 792,558	\$ 12,047	\$31,458	\$ 43,505	\$ 836,063	\$ 720,407
64,753	14,344	293	14,637	79,390	51,871
<u>69,384</u>	<u>2,227</u>	<u>2,623</u>	<u>4,850</u>	<u>74,234</u>	<u>60,400</u>
926,695	28,618	34,374	62,992	989,687	832,678
18,974	39,678	0	39,678	58,652	46,516
13,914	5,404	0	5,404	19,318	12,697
20,324	1,920	0	1,920	22,244	20,936
3,959	3,437	0	3,437	7,396	5,311
53,874	3,415	0	3,415	57,289	45,173
4,242	2,464	0	2,464	6,706	3,627
1,040	2,613	0	2,613	3,653	10,139
14,484	2,465	0	2,465	16,949	12,696
5,315	2,081	0	2,081	7,396	6,988
66,594	0	0	0	66,594	3,136
1,127	1,750	0	1,750	2,877	2,010
0	5,241	0	5,241	5,241	0
213	109	0	109	322	17
263	9,251	0	9,251	9,514	5,318
29,471	0	0	0	29,471	10,344
<u>7,389</u>	<u>9,577</u>	<u>5,849</u>	<u>15,426</u>	<u>22,815</u>	<u>24,008</u>
<u>\$1,167,878</u>	<u>\$118,023</u>	<u>\$40,223</u>	<u>\$158,246</u>	<u>\$1,326,124</u>	<u>\$1,041,594</u>

CHILDREN'S BUREAU OF NEW ORLEANS
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 1998
With Summarized Financial Information
for the Year Ended June 30, 1997

	<u>1998</u>	<u>1997</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Increase (decrease) in net assets	\$(87,896)	\$ 11,502
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used for) operating activities:		
Depreciation	9,514	5,318
Net realized and unrealized gains on investments	(22,590)	(23,455)
(Increase) decrease in assets:		
Accounts receivable	36,188	(71,987)
Contributions receivable	0	4,000
Prepaid insurance	(1,787)	(4,035)
Prepaid pension cost	0	144,741
Deposits on leased property	(5,000)	0
Increase (decrease) in liabilities:		
Accounts payable	11,653	2,779
Accrued salaries and wages	(7,465)	(6,760)
Accrued retirement	10,486	1,043
Accrued vacation	<u>3,085</u>	<u>10,616</u>
 Net Cash Provided by (Used for) Operating Activities	 <u>(53,812)</u>	 <u>73,762</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchase of equipment	(53,363)	(3,312)
Purchase of investments	0	(18,694)
Sales of investments	<u>33,851</u>	<u>22,500</u>
 Net Cash Provided by (Used for) Investing Activities	 <u>(19,512)</u>	 <u>494</u>
 Net Increase (Decrease) in Cash and Cash Equivalents	 (73,324)	 74,256
 Cash and Cash Equivalents -		
Beginning of Year	<u>160,182</u>	<u>85,926</u>
End of Year	<u>\$ 86,858</u>	<u>\$160,182</u>

See accompanying notes to financial statements.

CHILDREN'S BUREAU OF NEW ORLEANS
STATEMENT OF CASH FLOWS
(Continued)
YEAR ENDED JUNE 30, 1998
With Summarized Financial Information
for the Year Ended June 30, 1997

	<u>1998</u>	<u>1997</u>
<u>Supplemental Schedule of Cash Flow Information</u>		
Cash paid during the year for:		
Interest	\$ <u>0</u>	\$ <u>0</u>
Income taxes	\$ <u>0</u>	\$ <u>0</u>

See accompanying notes to financial statements.

CHILDREN'S BUREAU OF NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1998

A. Description of Organization

Children's Bureau of New Orleans ("Children's Bureau") is a private, non-profit United Way Agency that offers a variety of services to children and families. Its principal programs include: (1) adoption/foster care services; (2) counseling individuals and families; and (3) specialized counseling through the Project L.A.S.T. (Loss and Survival Team) program.

The agency is exempt from income tax under Section 501(c)(3) of the U. S. Internal Revenue Code and comparable state law, and contributions to it are tax deductible within the limitations prescribed by the Code.

B. Summary of Significant Accounting Policies

Basis of Accounting

Children's Bureau prepares its financial statements on the accrual basis of accounting and, accordingly, reflects all significant receivables, payables, and other liabilities.

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, Children's Bureau 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.

Estimates

Children's Bureau uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Cash and Cash Equivalents

For the purposes of the statements of cash flows, Children's Bureau considers all unrestricted highly liquid investments purchased with an initial maturity of three months or less to be cash equivalents.

CHILDREN'S BUREAU OF NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS
(Continued)
JUNE 30, 1998

Summary of Significant Accounting Policies (Cont'd)

Investments

Children's Bureau carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying *Statement of Activities*.

Property and Equipment

Children's Bureau capitalizes all expenditures for property and equipment in excess of \$1,000. Purchased property and equipment is carried at cost. Donated property and equipment is carried at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the useful life of the related assets. The useful lives of Children's Bureau's assets range between five and ten years.

Unemployment Insurance

Children's Bureau is self-insured for unemployment benefits related to terminated employees. The agency has historically had low payment claims related to unemployment benefits due to low employee turnover. The agency has provided estimated reserves for unemployment benefits based on the cost of maintaining third party insurance coverage.

Net Assets

Net assets are included in one of the following three classes of net assets, depending on the presence and type of donor-imposed restrictions.

Unrestricted Net Assets - Those net assets whose use is not restricted by donors.

Temporarily Restricted Net Assets - Those net assets whose use by Children's Bureau has been limited by donors (a) to later periods of time or after specified dates, or (b) to specific purposes.

Permanently Restricted Net Assets - Those net assets that must be maintained in perpetuity due to donor-imposed restrictions that will neither expire with the passage of time nor be removed by meeting certain requirements.

Children's Bureau has no permanently restricted assets, liabilities or activities.

CHILDREN'S BUREAU OF NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS
(Continued)
JUNE 30, 1998

Summary of Significant Accounting Policies (Cont'd)

Contributions

Under SFAS No. 116, "Accounting for Contributions Received and Made," contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Donor support in the form of cash and other assets is reported as restricted support if it is received with donor stipulations that limit the use of the donated assets. When a restriction expires, that is, when a stipulated time restriction ends or a 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.

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, Children's Bureau reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. Children's Bureau reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Donated services are recorded that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. During the year, \$11,269 of donated medical, legal and other professional services were received.

Reclassifications

Certain amounts in the prior year financial statements have been reclassified to conform with the presentation of the current year financial statements.

CHILDREN'S BUREAU OF NEW ORLEANS
 NOTES TO FINANCIAL STATEMENTS
 (Continued)
JUNE 30, 1998

C. Accounts Receivable

The accounts receivable at June 30, 1998 are categorized by source as follows.

Fees and grants from governmental agencies	\$123,466
Program service fees	1,375
Other	<u>139</u>
<i>Total</i>	<u>\$124,980</u>

Management considers all accounts receivable to be collectible; accordingly, no allowance for doubtful accounts is required.

D. Property and Equipment

Property and equipment consists of the following.

Property and equipment	\$64,128
Leasehold improvements	<u>30,000</u>
	94,128
Less: Accumulated depreciation	<u>39,826</u>
<i>Total Property and Equipment</i>	<u>\$54,302</u>

In 1998, depreciation expense was \$9,514.

E. Investments

Investments are stated at fair value, which is based on quoted market prices for those investments. The values of the investments at June 30, 1998 are as follows.

Mutual funds	\$ 71,239
Mortgage-backed securities - F.N.M.A.	<u>100,304</u>
<i>Total Investments</i>	<u>\$171,543</u>

The following schedule summarizes the investment income which is classified as unrestricted in the *Statement of Activities* for the year ended June 30, 1998.

Dividends and interest income	\$10,815
Realized and unrealized gains on investments	<u>22,590</u>
	<u>\$33,405</u>

Expenses relating to investment income amounted to \$1,819 and have been netted against investment income in the *Statement of Activities*.

CHILDREN'S BUREAU OF NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS
(Continued)
JUNE 30, 1998

F. Unrestricted Net Assets

Unrestricted net assets consists of the following:

Carrying value of property and equipment after accumulated depreciation	\$ 54,302
Net assets available for general activities	<u>315,786</u>
	<u>\$370,088</u>

The Board of Directors has designated \$79,212 of the net assets available for general activities to be used to fund future contributions to the Profit Sharing/Defined Contribution Plan (see Note H). This amount, received as a result of the termination of the defined benefit pension plan during 1997, is included in *Cash and Cash Equivalents* at June 30, 1998.

G. Temporarily Restricted Net Assets

The following temporarily restricted net assets were released during 1998 due to the satisfaction of donor restrictions.

Adoption Program activities	\$ 87,000
Counseling Program activities	211,053
Specialized Counseling Program activities - Loss and Survival Team Program	136,245
Supporting service activities	68,991
Purchase of property and equipment	<u>35,759</u>
	<u>\$539,048</u>

There were no temporarily restricted net assets remaining at June 30, 1998.

H. Profit Sharing/Defined Contribution Plan

On March 1, 1995 Children's Bureau established a profit sharing/defined contribution retirement plan covering full-time employees over 21 years old having at least one year of service. Contributions to the plan are at the discretion of the Board of Directors. Contributions during the year, totaling \$24,604, were based on 5% of the wages of the eligible employees. The contributions were made from the funds received as a result of the termination of the Children's Bureau Retirement Plan during 1997.

CHILDREN'S BUREAU OF NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS
(Continued)
JUNE 30, 1998

I. Commitments

For the first two months of the year ended June 30, 1998, Children's Bureau conducted its operations from a facility which was leased under a four-year operating lease dated August 16, 1993 and ending August 31, 1997.

On June 27, 1997, Children's Bureau entered into a 10-year operating lease for building space with the term commencing on September 1, 1997 and ending on August 31, 2007. This lease has a renewal option for one five-year term at the market rate.

Future minimum commitments under non-cancelable operating leases having initial or remaining terms in excess of one year as of June 30, 1998 for each of the next five years and in the aggregate are:

June 30,	
1999	\$ 60,000
2000	70,000
2001	72,000
2002	82,000
2003	84,000
Thereafter	<u>422,000</u>
	<u>\$790,000</u>

Rental expense under all operating leases for fiscal year 1998 was \$57,289.

In addition, these leases contain escalation clauses whereby Children's Bureau shall pay to the Lessor its proportionate share of the increase of any operational cost over and above the base period operating costs as established in the lease agreements.

J. Program Accreditation

During fiscal year 1998, the programs of the Children's Bureau underwent an accreditation review conducted by The Council on Accreditation of Services for Families and Children (COA). The accreditation process consists of, among other things, an on-site evaluation, a report on the Children's Bureau programs compliance with COA's standards and monitoring of the Organization to ensure continued compliance. The accreditation cost approximately \$6,000, and is valid through the next on-site review, due in 2000.

SUPPLEMENTARY INFORMATION

CHILDREN'S BUREAU OF NEW ORLEANS
 SCHEDULE OF PROGRAM SERVICES SUPPORT,
 REVENUE AND EXPENSES
YEAR ENDED JUNE 30, 1998

	<u>Adoption Foster Care</u>
<u>SUPPORT AND REVENUE</u>	
Contributions and private grants	\$ 6,647
Fees and grants from governmental agencies	35,287
Program service fees	35,617
Conference registration fees	0
Dividends and interest	0
United Way allocations and designations	<u>101,750</u>
<i>Total Direct Support and Revenue</i>	179,301
Supporting revenue allocated (Schedule)	<u>29,511</u>
<i>Total Support and Revenue</i>	<u>208,812</u>
<u>EXPENSES</u>	
Salaries	134,404
Employees' retirement benefits and medical insurance	11,734
Payroll taxes	<u>12,465</u>
<i>Total Employee Compensation</i>	158,603
Professional fees and contract service payments	6,768
Supplies	1,447
Telephone	3,403
Postage and messenger service	454
Occupancy	10,782
Equipment maintenance	0
Printing and publications	530
Travel and other transportation	2,477
Conferences and meetings	520
Specific assistance	13,452
Membership dues	877
Awards and grants	0
Depreciation	0
PTSD Conference	0
Miscellaneous and insurance	<u>1,976</u>
<i>Total Direct Expenses</i>	201,289
Supporting services expenses allocated (Schedule)	<u>26,902</u>
<i>Total Expenses</i>	<u>228,191</u>
<u>(DECREASE) IN NET ASSETS</u>	<u>\$(19,379)</u>

<u>Counseling</u>	<u>Loss and Survival Team Program</u>	<u>Total Program Services</u>
\$ 0	\$ 63,927	\$ 70,574
259,531	259,573	554,391
24,029	1,075	60,721
0	19,389	19,389
0	45	45
<u>210,048</u>	<u>47,713</u>	<u>359,511</u>
493,608	391,722	1,064,631
<u>81,593</u>	<u>62,493</u>	<u>173,597</u>
<u>575,201</u>	<u>454,215</u>	<u>1,238,228</u>
389,500	268,654	792,558
32,542	20,477	64,753
<u>33,350</u>	<u>23,569</u>	<u>69,384</u>
455,392	312,700	926,695
1,753	10,453	18,974
5,512	6,955	13,914
10,446	6,475	20,324
472	3,033	3,959
28,801	14,291	53,874
3,307	935	4,242
24	486	1,040
6,051	5,956	14,484
1,541	3,254	5,315
30,193	22,949	66,594
150	100	1,127
0	213	213
0	263	263
0	29,471	29,471
<u>4,653</u>	<u>760</u>	<u>7,389</u>
548,295	418,294	1,167,878
<u>74,376</u>	<u>56,968</u>	<u>158,246</u>
<u>622,671</u>	<u>475,262</u>	<u>1,326,124</u>
<u>\$(47,470)</u>	<u>\$(21,047)</u>	<u>\$(87,896)</u>

CHILDREN'S BUREAU OF NEW ORLEANS
 SCHEDULES OF SUPPORTING REVENUE AND SUPPORTING
 SERVICES EXPENSES ALLOCATED TO PROGRAMS
 YEAR ENDED JUNE 30, 1998

SUPPORTING REVENUE

Contributions, private grants and membership dues	\$113,499
Dividends and interest	10,770
Net realized and unrealized gains on investments	22,590
Fund raising	17,618
Miscellaneous	2,014
United Way - Designations	<u>7,106</u>

Total Supporting Revenue \$173,597

Allocated to programs as follows:

Adoption/Foster care	\$ 29,511
Counseling	81,593
Loss and Survival Team program	<u>62,493</u>

\$173,597

SUPPORTING SERVICES EXPENSES

Salaries	\$ 43,505
Employees' retirement benefits and medical insurance	14,637
Payroll taxes	<u>4,850</u>

Total Employee Compensation 62,992

Professional fees and contract service payments	39,678
Supplies	5,404
Telephone	1,920
Postage and messenger service	3,437
Occupancy	3,415
Equipment maintenance	2,464
Printing and publications	2,613
Travel and other transportation	2,465
Conferences and meetings	2,081
Membership dues	1,750
Moving	5,241
Awards and grants	109
Depreciation	9,251
Miscellaneous and insurance	<u>15,426</u>

Total Supporting Services Expenses \$158,246

Allocated to programs as follows:

Adoption/Foster care	\$ 26,902
Counseling	74,376
Loss and Survival Team program	<u>56,968</u>

\$158,246

Note: Supporting revenue and supporting services expenses are allocated to the programs based on total program services expenses.

CHILDREN'S BUREAU OF NEW ORLEANS
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED JUNE 30, 1998

Federal Grantor Pass-through Grantor Additional Pass-through Grantor Federal CFDA Program Title <u>Children's Bureau Program Title</u>	Federal CFDA Number
Department of Justice	
Passed through Louisiana Commission of Law Enforcement Passed through City of New Orleans Crime Victim Assistance	
Child Survivors of Violent Crime and Domestic Violence Counseling	16.575
Passed through Jefferson Parish Crime Victim Assistance	
Child Survivors of Violent Crime	16.575
Department of Health and Human Services	
Passed through City of New Orleans Healthy Start Initiative Great Expectations Program	93.926
Passed through the Louisiana Department of Health and Hospitals Maternal and Child Health Service Block Grant	
Project LAST	93.994
Passed through the Louisiana Department of Social Services Passed through Volunteers of America of Greater New Orleans Family Preservation and Support Services New Orleans Coalition for Family Empowerment	93.556
Passed through Family Service of Greater New Orleans Family Preservation and Support Services Jefferson Parish Consortium	93.556
Department of Housing and Urban Development	
Passed through the City of New Orleans Community Development Block Grant Peers Educating Peers	14.218
<i>Total Disbursements/Expenditures</i>	

Note: The Schedule of Expenditures of Federal Awards is prepared on the accrual basis of accounting.

<u>Pass-through Grantor Number(s)</u>	<u>Disbursements/ Expenditures</u>		
96-C9-V.2-0344 97-C9-V.4-0330 97-C9-V.2-0323		\$111,630	
96-C7-V.4-0334 97-C7-V.4-0321		<u>73,435</u>	\$185,065
P. O. #2124		39,363	
CFMS #515443 CFMS #528064		30,998	
CFMS #506896	\$89,245		
CFMS #518033	<u>9,302</u>	<u>98,547</u>	168,908
CD #50-173(97)			<u>24,689</u>
			<u>\$378,662</u>

SPILSBURY, HAMILTON, LEGENDRE & PACIERA

KEITH T. HAMILTON, C.P.A.
LEROY F. LEGENDRE, C.P.A.
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(1905-1985)

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AMERICAN INSTITUTE OF
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND
ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

President and Board of Directors
Children's Bureau of New Orleans
New Orleans, Louisiana

We have audited the financial statements of Children's Bureau of New Orleans ("Children's Bureau") as of and for the year ended June 30, 1998, and have issued our report thereon dated September 24, 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 Children's Bureau'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*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Children's Bureau'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

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

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 the President, Board of Directors, and management. However, this report is a matter of public record and its distribution is not limited.

Spilsbury, Hamilton, Legendre & Paciera

September 24, 1998

SPILSBURY, HAMILTON, LEGENDRE & PACIERA

KEITH T. HAMILTON, C.P.A.
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

President and Board of Directors
Children's Bureau of New Orleans
New Orleans, Louisiana

Compliance

We have audited the compliance of Children's Bureau of New Orleans (a non-profit organization) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal programs for the year ended June 30, 1998. Children's Bureau's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs is the responsibility of Children's Bureau's management. Our responsibility is to express an opinion on Children's Bureau's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations*. Those standards and *OMB Circular A-133* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Children's Bureau's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Children's Bureau's compliance with those requirements.

In our opinion, Children's Bureau of New Orleans complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended June 30, 1998.

Internal Control Over Compliance

The management of Children's Bureau of New Orleans is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Children's Bureau's internal control over compliance with requirements that could have a direct and material effect on major federal programs in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control 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 noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to major federal programs 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 compliance and its operation that we consider to be material weaknesses.

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

Spilsbury, Hamilton, Legendre & Paciera

September 24, 1998

CHILDREN'S BUREAU OF NEW ORLEANS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 1998

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of Children's Bureau of New Orleans.
2. No material weaknesses were identified during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of Children's Bureau of New Orleans were disclosed during the audit.
4. No material weaknesses were identified during the audit of the major federal award programs.
5. The auditor's report on noncompliance for the major federal award programs for Children's Bureau of New Orleans expresses an unqualified opinion.
6. There were no audit findings relative to the major federal award programs for Children's Bureau of New Orleans.
7. The programs tested as major programs were as follows:

CFDA #16.575	Department of Justice Crime Victim Assistance - Child Survivors of Violent Crime and Domestic Violence Counseling
CFDA #14.218	Department of Housing and Urban Development Community Development Block Grant - Peers Educating Peers
8. The threshold used to distinguish between Type A and Type B programs was \$300,000.
9. Children's Bureau of New Orleans was not determined to be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

None

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

None

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LEGISLATIVE COUNCIL

September 24, 1998

President and Board of Directors
Children's Bureau of New Orleans
210 Baronne Street, Suite 722
New Orleans, LA 70112

In planning and performing our audit of the financial statements of Children's Bureau of New Orleans ("Children's Bureau") for the year ended June 30, 1998, we considered the Organization's internal control to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during our audit, we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. (We previously reported on the Organization's internal control in our report dated September 24, 1998.) This letter does not affect our report dated September 24, 1998 on the financial statements of Children's Bureau of New Orleans.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various Organization personnel, and we will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. Our comments are summarized as follows:

Program Eligibility

During our compliance testing of program eligibility, we noted one case in which the residency requirement was not met. This case was determined to be an immaterial instance of noncompliance and appeared to be an isolated incident. Because many of Children's Bureau's grants indicate a specific geographic area (i.e., parish) from which eligible participants may be served, controls that reduce the risk of serving ineligible persons need to be strengthened. We recommend that all program personnel be aware of the program's eligibility requirements and that the residency of potential participants be verified at the intake level. Also, we recommend that the program supervisor periodically review a listing of the program participants to ensure that only eligible persons are being served. These steps will decrease the likelihood that ineligible persons will be served.

The Year 2000 Issue

The Year 2000 Issue results from the inability of a computer program to process year-date data accurately beyond the year 1999. Except in recently introduced year 2000 compliant programs, computer programs consistently have included abbreviated dates (that is, dates that excluded the first two digits of the year) with the assumption that those two digits would always be 19. Unless corrected, that shortcut may create widespread problems on January 1, 2000. On that date, some computer programs may recognize the date as January 1, 1900, and either process data incorrectly or stop processing it altogether.

The Year 2000 Issue may affect computer applications before January 1, 2000, when systems currently attempt to perform calculations into the year 2000. Furthermore, some computer programs use several dates in the year 1999 (such as 01/01/99, 09/09/99, and 12/31/99) to mean something other than the date. As systems process data using those dates, they may produce erratic results or stop functioning.

The Year 2000 Issue presents yet another challenge: the algorithm used in some computer programs for calculating leap years may be unable to detect that the year 2000 is a leap year. Therefore, systems that are not year 2000 compliant may produce incorrect results.

We recommend that you begin to take immediate steps to identify, modify, and test all systems that may be impacted by the Year 2000 Issue. In addition, you should monitor your progress to ensure compliance before systems begin to fail, which may be evident before January 1, 2000. If the Organization fails to take timely and appropriate action, it may experience costly and significant computer program failures, which could prevent it from performing its routine processing activities. Depending on the extent of system failures, noncompliance could be catastrophic for the Organization.

In addition, the Organization should implement verification procedures to test the accuracy of information received from its vendors, service providers, bankers, customers, and other third-party organizations with whom it exchanges date-dependent information to ensure that those organizations also are year 2000 compliant. The Organization should satisfy itself that its operations or cash flows will not be affected by problems in those organizations relating to the Year 2000 Issue.

President and Board of Directors
Children's Bureau of New Orleans
September 24, 1998
Page 3

We wish to thank you and the accounting department for the support and assistance given us during our audit. This report is intended solely for your information and use by members of the management within your Organization.

Sincerely,

Spilsbury, Hamilton, Legendre & Paciera
SPILSBURY, HAMILTON, LEGENDRE AND PACIERA
Certified Public Accountants



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December 22, 1998

Mr. Daniel G. Kyle
Legislative Auditors Office
P.O. Box 94397
Baton Rouge, LA 70804

Dear Mr. Kyle:

The following are our responses to the auditor's comments made in conjunction with the fiscal year 1998 audit:

COMMENT: Program Eligibility

During our compliance testing of program eligibility, we noted one case in which the residency requirement was not met. This case was determined to be an immaterial instance of noncompliance and appeared to be an isolated incident. Because many of Children's Bureau's grants indicate a specific geographic area (i.e., parish) from which eligible participants may be served, controls that reduce the risk of serving ineligible persons may need to be strengthened. We recommend that all program personnel be aware of the program's eligibility requirements and that the residency of potential participants be verified at the intake level. Also, we recommend that the program supervisor periodically review a listing of the program participants to ensure that only eligible persons are being served. These steps will decrease the likelihood that ineligible persons will be served.

RESPONSE:

When it was discovered that the individual was ineligible to receive counseling services in accordance with the guidelines of the Department of Justice grant, the individual was transferred to a program in which he was eligible. In addition, Children's Bureau has begun the process of reviewing and revising its procedures for determining and approving participant eligibility under its various grants and contracts.

COMMENT: The Year 2000 Issue

The Year 2000 Issue results from the inability of a computer program to process year-date data accurately beyond the year 1999. Except in recently introduced year 2000 compliant programs, computer program consistently have included abbreviated dates (that is, dates that excluded the first two digits of the year) with the assumption that those two digits would always be 19. Unless corrected, that shortcut may create widespread problems on January 1, 2000. On that date, some



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The Year 2000 Issue presents yet another challenge: the algorithm used in some computers for calculating leap years may be unable to detect that the year 2000 is a leap year. Therefore, systems that are not year 2000 compliant may produce incorrect results.

We recommend that you begin to take immediate steps to identify, modify, and test all systems that may be impacted by the Year 2000 Issues. In addition, you should monitor your progress to ensure compliance before systems begin to fail, which may be evident before January 1, 2000. If the Organization fails to take timely and appropriate action, it may experience costly and significant computer program failures, which could prevent it from performing its routine processing activities. Depending on the extent of system failures, noncompliance could be catastrophic for the Organization.

In addition, the Organization should implement verification procedures to test the accuracy of information received from its vendors, service providers, bankers, customers, and other third-party organizations with whom it exchanges date-dependent information to ensure that those organizations also are year 2000 compliant. The Organization should satisfy itself that its operations or cash flows will not be affected by problems in those Organizations relating to the Year 2000 Issue.

RESPONSE:

Children's Bureau is aware of the Y2K issues, and understands that this comment has been included in the management letters issued to all Spilsbury, Hamilton, Legendre & Paciera clients. Children's Bureau's accounting software has been certified as Y2K compliant. In 1999, Children's Bureau will review the compliance of its other in-house software, as well as, its hardware. In addition, the Organization will inquire about the Y2K compliance of the hardware and software of its primary funding agencies. Contingency plans will be developed.

We would be pleased to answer any questions you may have about our responses to these management letter comments.

Sincerely,


Ronald P. McClain
Executive Director