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CHILDREN'S BUREAU OF NEW ORLEANS

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

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___

SPILSBURY, HAMILTON, LEGENDRE & PACIERA CERTIFIED PUBLIC ACCOUNTANTS

CHILDREN'S BUREAU OF NEW ORLEANS

Year Ended June 30, 1998

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SPILSBURY, HAMILTON, LEGENDRE & PACIERA

CERTIFIED PUBLIC ACCOUNTANTS

KEITH T. HAMILTON, C.P.A. LEROY P. LEGENDRE, C.P.A. KIRTH M. PACIERA, C.P.A. RENE G. GAUTREAU, C.P.A. 4731 CANAL ST. New Orleans, La. 70119 (504) 486-5573 Fax (504) 486-6091

MEMBERS OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA CERTIFIED PUELIC ACCOUNTANTS

SIDNEY T. SPILSBURY, C.P.A. (1905-1985)

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.

Spiletury, Samithe Segurdan & Passia

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September 24, 1998

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SPILSBURY, HAMILTON, LEGENDRE & PACIERA

CERTIFIED PUBLIC ACCOUNTANTS

CHILDREN'S BUREAU OF N STATEMENT OF FINANCIA JUNE 30, 199 With Summarized Financia at June 30, 19	L POSITION 8 1 Information	
	<u>1998</u>	<u>1997</u>
<u>ASSETS</u> Cash and cash equivalents: Board designated Undesignated	\$ 79,212 7,646	\$122,201 <u>37,981</u>
	86,858	160,182
Accounts receivable Prepaid insurance Investments	124,980 7,994 171,543	161,168 6,207 157,804
Investments restricted for the purchase of property and equipment Deposits on leased property Property and equipment Accumulated depreciation	0 5,000 94,128 <u>(39,826</u>)	25,000 0 40,765 <u>(30,312</u>)
Total Assets	\$ <u>450,677</u>	\$ <u>520,814</u>

- - - - - -

LIABILITIES Accounts payable Accrued salaries and wages Accrued retirement Accrued unemployment Accrued vacation	\$ 21,895 3,452 24,604 4,014 <u>26,624</u> 80,589	$ \begin{array}{r} 10,242 \\ 10,917 \\ 14,118 \\ 4,014 \\ 23,539 \\ 62,830 \\ \end{array} $
Total Liabilities <u>NET ASSETS</u> Unrestricted	<u>80,589</u> 370,088	<u> 62,630</u> 401,231 <u> 56,753</u>
Temporarily restricted Total Net Assets	<u> </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>

SUPPORT AND REVENUE 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 539,048 Total Support and Revenue 1,294,981

EXPENSES

Program services:	
Adoption/Foster care	201,289
Counseling	548,295
Loss and Survival Team	418,294
	<u>1,167,878</u>
Supporting services:	
Management and general	118,023
Resource development	40,223
►	<u> </u>
	<u> 158,246</u>
Total Expenses	<u>1,326,124</u>
Increase (Decrease) in Net Assets	
Before Extraordinary Item	(31,143)
	(31,143)
Extraordinary Item - Gain on Pension Settlement	<u> </u>
Thereace (Deersee) in Net Neeste	
Increase (Decrease) in Net Assets	(31,143)
<u>NET ASSETS</u>	
$\mathbf{D} = \mathbf{u} \cdot \mathbf{i} + \mathbf{u} \cdot \mathbf{i} + \mathbf{c} \cdot \mathbf{c} + \mathbf{c} \cdot \mathbf{c}$	
Beginning of year	401,231
End of year	\$370,088

See accompanying notes to financial statements.

Temporarily <u>Restricted</u>	199 <u>Tot</u>	-		1997 <u>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	
(539,048)		0		0	
<u>(56,753</u>)	<u>1,238</u>	,228	<u>1</u> ,	044,789	

0	201,289	211,282
0	548,295	450,011
0	418,294	255,269
0	<u>1,167,878</u>	916,562
0	118,023	116,814
0	40,223	<u> </u>
0	158,246	<u>125,032</u>
0	1,326,124	1,041,594
(56,753)	(87,896)	3,195
0	0	8,307
(56,753)	(87,896)	11,502
<u>56,753</u>	<u> 457,984</u>	446,482
\$ <u>0</u>	\$ <u>370,088</u>	\$ <u>457,984</u>

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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

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		Progra	<u>m Services</u>
	Adoption/ Foster		Loss and Survival
	<u> Care </u>	<u>Counseling</u>	<u> Team</u>
Salaries Employees' retirement benefits	\$134,404	\$389,500	\$268,654
and medical insurance	11,734	32,542	20,477
Payroll taxes	12,465	<u>33,350</u>	23,569
Total Employee Compensation	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>	4,653	760
Total Expenses	\$ <u>201,289</u>	\$ <u>548,295</u>	\$ <u>418,294</u>

See accompanying notes to financial statements.

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<u></u>	Sup	<u>porting Servi</u>	ces	-	
Total Program <u>Services</u>	Management and <u>General</u>	Resource <u>Development</u>	Total Supporting <u>Services</u>	Total E and Sup <u>Services</u> <u>1998</u>	porting
\$ 792,558	\$ 12,047	\$31,458	\$ 43,505	\$ 836,063	\$ 720,407
64,753 <u>69,384</u>	14,344 <u>2,227</u>	293 <u>2,623</u>	14,637 <u>4,850</u>	79,390 <u>74,234</u>	51,871 60,400
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	Ō	3,437	7,396	5,311
53,874	3,415	Ō	3,415	57,289	45,173
4,242	2,464	Ő	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
7,389	<u>9,577</u>	5,849	15,426	22,815	24,008
\$ <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

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	<u>1998</u>	<u>1997</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u> Increase (decrease) in net assets Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used for) operating	\$(87,896)	\$ 11,502
activities: Depreciation	9,514	5,318
Net realized and unrealized gains		0,010
on investments (Increase) decrease in assets:	(22,590)	(23,455)
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 Increase (decrease) in liabilities:	(5,000)	0
Accounts payable	11,653	2,779
Accrued salaries and wages	(7,465)	(6,760)
Accrued retirement	10,486	1,043
Accrued vacation	3,085	10,616
ACCILLEU VACACION		
Net Cash Provided by (Used for) Operating Activities	<u>(53,812</u>)	<u>73,762</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	(53,363)	(3,312)
Purchase of investments	0	(18,694)
Sales of investments	33,851	22,500
Net Cash Provided by (Used for) Investing Activities	<u>(19,512</u>)	494
Net Increase (Decrease) in Cash and Cash Equivalents	(73,324)	74,256
Cash and Cash Equivalents -		
Beginning of Year	<u>160,182</u>	85,926
End of Year	\$ <u>86,858</u>	\$ <u>160,182</u>

See accompanying notes to financial statements.

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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>

0

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Supplemental Schedule of Cash Flow Information

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Cash paid during the year for: Interest \$_ \$ 0 0 \$_ Income taxes 0

See accompanying notes to financial statements.

A. <u>Description of Organization</u>

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. <u>Summary of Significant Accounting Policies</u>

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.

<u>Estimates</u>

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

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or less to be cash equivalents.

Summary of Significant Accounting Policies (Cont'd)

<u>Investments</u>

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 straightline 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.

<u>Net Assets</u>

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.

<u>Summary of Significant Accounting Policies</u> (Cont'd)

<u>Contributions</u>

- 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 nonfinancial 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.

<u>Reclassifications</u>

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

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C. <u>Accounts Receivable</u>

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				139

Total	\$ <u>124,980</u>
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Management considers all accounts receivable to be collectible; accordingly, no allowance for doubtful accounts is required.

D. <u>Property and Equipment</u>

Property and equipment consists of the following.

Property and equipment Leasehold improvements	\$64,128 <u>30,000</u>
Less: Accumulated depreciation	94,128 <u>39,826</u>
Total Property and Equipment	\$ <u>54,302</u>
In 1998, depreciation expense was \$9,514.	

E. <u>Investments</u>

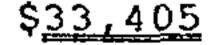
Investments are stated at fair value, which is based on quoted market prices for those investments. The values of the investments at June 30, 1998 are as follows.

Mutual funds	\$ 71,239
Mortgage-backed securities - F.N.M.A.	100,304

Total Investments \$<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>



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

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. <u>Temporarily Restricted Net Assets</u>

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

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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.

12.

I. <u>Commitments</u>

- 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	422,000

\$<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. <u>Program Accreditation</u>

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 onsite 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

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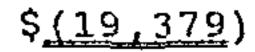
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CHILDREN'S BUREAU OF NEW ORLEANS SCHEDULE OF PROGRAM SERVICES SUPPORT, REVENUE AND EXPENSES YEAR ENDED JUNE 30, 1998	
	Adoption Foster <u>Care</u>
SUPPORT AND REVENUE	
Contributions and private grants	\$ 6,647
Fees and grants from governmental agencies	35,287
Program service fees	35,617
Conference registration fees	0
Dividends and interest	0
United Way allocations and designations	<u>101,750</u>
Total Direct Support and Revenue	179,301
Supporting revenue allocated (Schedule)	29,511
Total Support and Revenue	208,812
EXPENSES	
Salaries	134,404
Employees' retirement benefits and	104/404
medical insurance	11,734
Payroll taxes	12,465
Total Employee Compensation	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 Membership dues	13,452
Awards and grants	877
Depreciation	0 0
PTSD Conference	0 0
Miscellaneous and insurance	<u>1,976</u>
Total Direct Expenses	201,289
Supporting services expenses allocated (Schedule)	26,902
Total Expenses	<u>228,191</u>

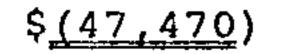
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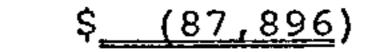




<u>Counseling</u>	Loss and Survival Team <u>Program</u>	Total Program <u>Services</u>
\$0 259,531 24,029 0 0	\$ 63,927 259,573 1,075 19,389 45	\$70,574 554,391 60,721 19,389 45
<u>210,048</u> 493,608	<u>47,713</u> 391,722	<u> 359,511</u> 1,064,631
<u>81,593</u>	62,493	<u> </u>
<u>575,201</u>	<u>454,215</u>	<u>1,238,228</u>
389,500	268,654	792,558
32,542 <u>33,350</u>	20,477 <u>23,569</u>	64,753 <u>69,384</u>
455,392	312,700	926,695
1,753 5,512 10,446 472	10,453 6,955 6,475 3,033	18,974 13,914 20,324 3,959
28,801 3,307 24 6,051	14,291 935 486 5,956 2,254	53,874 4,242 1,040 14,484 5,215
1,541 30,193 150 0	3,254 22,949 100 213	5,315 66,594 1,127 213
0 0 <u>4,653</u>	263 29,471 760	263 29,471 <u>7,389</u>
548,295	418,294	1,167,878
<u>74,376</u>	<u>56,968</u>	158,246
<u>622,671</u>	<u>475,262</u>	<u>1,326,124</u>









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

Contributions, private grants and membership dues\$113,499Dividends and interest10,770Net realized and unrealized gains on investments22,590Fund raising17,618Miscellaneous2,014United Way - Designations.7,106Total Supporting Revenue\$173,597Allocated to programs as follows:.7,006Adoption/Foster care\$ 29,511Counseling81,593Loss and Survival Team program62,493SUPPORTING SERVICES EXPENSES\$ 43,505Salaries\$ 43,505Suployees' retirement benefits14,637Payroll taxes.4,850Total Employee Compensation62,992Professional fees and contract service payments.9,678Suplies.2,613Travel and meticins.2,613Travel and other transportation.2,645Conferences and meetings.2,613Membership dues.1,750Moving.2,625Marks and grants.109Depreciation.2,821Miscellaneous and insurance.2,613Moving.5,241Marks and grants.109Depreciation.2,251Miscellaneous and insurance.2,612Adoption/Poster care.2,612Adoption/Poster care.2,613Miscellaneous and insurance.15,426Allocated to programs as follows:.2,6502Adoption/Poster care.2,613Adoption/Poster care.2,6902Counseling.74,376<	SUPPORTING REVENUE	
Dividends and interest10,770Net realized and unrealized gains on investments12,590Fund raising17,618Miscellaneous2,014United Way - Designations2,014Total Supporting Revenue\$173,597Allocated to programs as follows:22,950Adoption/Foster care\$29,511Counseling81,593Loss and Survival Team program62,493SUPPORTING SERVICES EXPENSES\$43,505Salaries\$43,505Employees' retirement benefits14,637and medical insurance14,637Payroll taxes5,404Total Employee Compensation62,992Professional fees and contract service payments39,678Supplies5,404Telephone1,920Profersend messenger service3,437Occupancy2,613Travel and other transportation2,461Membership dues1,750Moving5,241Avards and grants109Depreciation9,251Miscellaneous and insurance15,426Total Supporting Services Expenses\$158,246Allocated to programs as follows:15,426Adoption/Foster care\$26,902Counseling74,376		\$113,499
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United Way - Designations	Fund raising	17,618
Total Supporting Revenue\$173,597Allocated to programs as follows: Adoption/Foster care Counseling Loss and Survival Team program\$29,511Supporting Services Expenses Salaries\$1,593Supporting Services Expenses Salaries\$43,505Supporting version14,637Payroll taxes	Miscellaneous	2,014
Allocated to programs as follows: Adoption/Foster care \$ 29,511 Adoption/Foster care \$ 29,511 Counseling \$1,593 Loss and Survival Team program 62,493 \$173,597 \$ SUPPORTING SERVICES EXPENSES \$ 43,505 Salaries \$ 43,505 Employees' retirement benefits 14,637 Payroll taxes -4,850 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 2,464 Printing and publications 2,663 Travel and other transportation 2,663 Membership dues 1,750 Moving 5,241 Awards and grants 109 Depreciation 9,251 Miscellaneous and insurance 15,426 Allocated to programs as follows: \$ 26,902 Adoption/Foster care \$ 26,902 Counseling 74,376	United Way - Designations	<u>7,106</u>
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Telephone1,920Postage and messenger service3,437Occupancy3,415Equipment maintenance2,464Printing and publications2,613Travel and other transportation2,465Conferences and meetings2,081Membership dues1,750Moving5,241Awards and grants109Depreciation9,251Miscellaneous and insurance15,426Total Supporting Services Expenses\$158,246Allocated to programs as follows: Adoption/Foster care Counseling\$ 26,902 74,376	Professional fees and contract service payments	39,678
Postage and messenger service3,437Occupancy3,415Equipment maintenance2,464Printing and publications2,613Travel and other transportation2,465Conferences and meetings2,081Membership dues1,750Moving5,241Awards and grants109Depreciation9,251Miscellaneous and insurance15,426Total Supporting Services Expenses\$158,246Allocated to programs as follows:\$ 26,902Adoption/Foster care\$ 26,90274,376	Supplies	5,404
Occupancy3,415Equipment maintenance2,464Printing and publications2,613Travel and other transportation2,465Conferences and meetings2,081Membership dues1,750Moving5,241Awards and grants109Depreciation9,251Miscellaneous and insurance15,426Total Supporting Services Expenses\$158,246Allocated to programs as follows:\$ 26,902Adoption/Foster care\$ 26,902Counseling74,376	Telephone	1,920
Equipment maintenance2,464Printing and publications2,613Travel and other transportation2,465Conferences and meetings2,081Membership dues1,750Moving5,241Awards and grants109Depreciation9,251Miscellaneous and insurance15,426Total Supporting Services Expenses\$158,246Allocated to programs as follows:\$ 26,902Adoption/Foster care\$ 26,90274,376	Postage and messenger service	3,437
Printing and publications2,613Travel and other transportation2,465Conferences and meetings2,081Membership dues1,750Moving5,241Awards and grants109Depreciation9,251Miscellaneous and insurance15,426Total Supporting Services Expenses\$158,246Allocated to programs as follows:\$ 26,902Adoption/Foster care\$ 26,902Yange74,376		3,415
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Conferences and meetings2,081Membership dues1,750Moving5,241Awards and grants109Depreciation9,251Miscellaneous and insurance15,426Total Supporting Services Expenses\$158,246Allocated to programs as follows:\$26,902Adoption/Foster care\$26,902Counseling74,376	÷ –	2,613
Membership dues1,750Moving5,241Awards and grants109Depreciation9,251Miscellaneous and insurance15,426Total Supporting Services Expenses\$158,246Allocated to programs as follows:\$26,902Adoption/Foster care\$ 26,902Counseling74,376		2,465
Moving5,241Awards and grants109Depreciation9,251Miscellaneous and insurance15,426Total Supporting Services Expenses\$158,246Allocated to programs as follows:\$26,902Adoption/Foster care\$26,902Counseling74,376		2,081
Awards and grants109Depreciation9,251Miscellaneous and insurance15,426Total Supporting Services Expenses\$158,246Allocated to programs as follows:\$26,902Adoption/Foster care\$26,902Counseling74,376	· •	1,750
Depreciation 9,251 Miscellaneous and insurance <u>15,426</u> Total Supporting Services Expenses \$ <u>158,246</u> Allocated to programs as follows: Adoption/Foster care \$26,902 Counseling 74,376		5,241
Miscellaneous and insurance15,426Total Supporting Services Expenses\$158,246Allocated to programs as follows: Adoption/Foster care Counseling\$ 26,902 74,376	•	109
Total Supporting Services Expenses \$158,246 Allocated to programs as follows: Adoption/Foster care \$26,902 Counseling 74,376		9,251
Allocated to programs as follows: Adoption/Foster care Counseling 74,376	Miscellaneous and insurance	15,426
Adoption/Foster care \$ 26,902 Counseling 74,376	Total Supporting Services Expenses	\$ <u>158,246</u>
Adoption/Foster care \$ 26,902 Counseling 74,376	Allocated to programs as follows:	
Counseling 74,376	Adoption/Foster care	\$ 26,902
	Counseling	74,376
	Loss and Survival Team program	56,968



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
<u>Number</u>
```

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

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
Total Disbursements/Expenditures	

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

Pass-through	
Grantor	Disbursements/
<u>Number(s)</u>	Expenditures

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

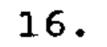
73,435

\$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)			24,689

\$<u>378,662</u>





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SPILSBURY, HAMILTON, LEGENDRE & PACIERA

KEITH T. HAMILTON, C.P.A. LEROY F. LEGENDRE, C.P.A. KIRTH M. PACIERA, C.P.A. RENE G. GAUTREAU, C.P.A. CERTIFIED PUBLIC ACCOUNTANTS 4731 CANAL ST. New Orleans, LA. 70119 (504) 486-5573 Fax (504) 486-6091

MEMBERS OF

AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS SOCIETY OF LOUISIANA CERTIFIED PUBLIC ACCOUNTANTS SIDNEY T. SPILSBURY, C.P.A. (1905-1985)

17.

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.

<u>Compliance</u>

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.

Spilehung, Smithan, Sugandre & Pression

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September 24, 1998

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SPILSBURY, HAMILTON, LEGENDRE & PACIERA

CERTIFIED PUBLIC ACCOUNTANTS

SPILSBURY, HAMILTON, LEGENDRE & PACIERA

CERTIFIED PUBLIC ACCOUNTANTS

KEITH T. HAMILTON, C.P.A. LERDY P. LEGENDRE, C.P.A. KIRTH M. PACIERA, C.P.A. RENE G. GAUTREAU, C.P.A. 4731 CANAL ST. New Orleans, La. 70119 (504) 486-5573 Fax (504) 486-6091

MEMBERS OF

AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS SOCIETY OF LOUISIANA CERTIFIED PUBLIC ACCOUNTANTS

> 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

<u>Compliance</u>

SIDNEY T. SPILSBURY, C.P.A. (1905-1985)

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.

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCOR-DANCE WITH OMB CIRCULAR A-133

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.

Spiledung, Samilla, Jegendre & Paccia

September 24, 1998

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SPILSBURY, HAMILTON, LEGENDRE & PACIERA

CERTIFIED PUBLIC ACCOUNTANTS

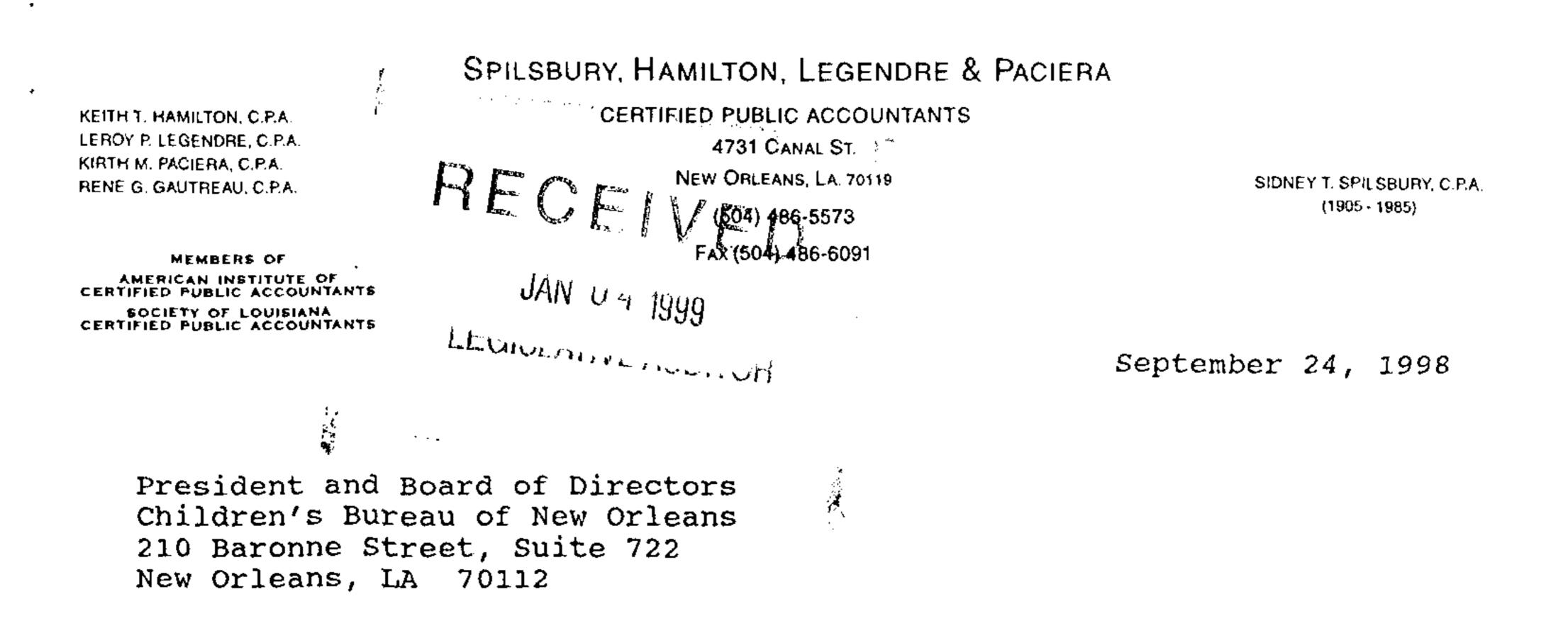
CHILDREN'S BUREAU OF NEW ORLEANS SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 1998

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.
- 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.
- No material weaknesses were identified during the audit of the major federal award programs.
- 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



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. President and Board of Directors Children's Bureau of New Orleans September 24, 1998 Page 2

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.

SPILSBURY, HAMILTON, LEGENDRE & PACIERA CERTIFIED PUBLIC ACCOUNTANTS President and Board of Directors Children's Bureau of New Orleans September 24, 1998 Page 3

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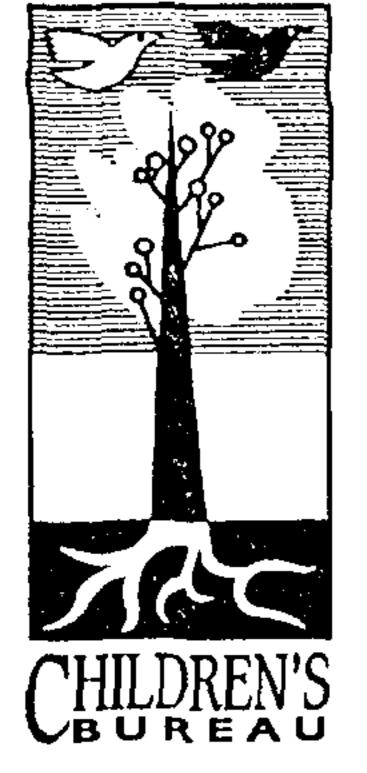
We wish to thank you and the accounting department for the support and assistance given us during our audit. This report is intended solely for your information and use by members of the management within your Organization.

Sincerely,

haven, the

SPILSBURY, HAMILTON, LEGENDRE AND PACIERA Certified Public Accountants

SPILSBURY, HAMILTON, LEGENDRE & PACIERA CERTIFIED PUBLIC ACCOUNTANTS



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210 Baronne Street Suite 722 New Orleans, LA 70112 (504) 525-2366 Fax:(504) 525-7525

OFFICERS 1998 - 1999

Robert W. Kimbro

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.

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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

Barbara Stafford

William Stewart Venessa Washington



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

Roots and wings for families and children since 1892.



computer programs may recognize the date as January 1, 1900, and either process data incorrectly or stop processing it altogether.

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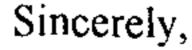
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RESPONSE:

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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.





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