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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, 1999

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..... FEB 09 2000

CHILDREN'S BUREAU OF NEW ORLEANS

Year Ended June 30, 1999

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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, 1999, 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, 1999, 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, 1998, 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 23, 1999, 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 page 14 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 15 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 23, 1999

CHILDREN'S BUREAU OF NEW ORLEANS
STATEMENT OF FINANCIAL POSITION
JUNE 30, 1999
With Summarized Financial Information
at June 30, 1998

	<u>1999</u>	<u>1998</u>
<u>ASSETS</u>		
Cash and cash equivalents:		
Board designated	\$ 42,628	\$ 79,212
Undesignated	<u>69,288</u>	<u>7,646</u>
	111,916	86,858
Accounts receivable	100,309	124,980
United Way allocations receivable	365,788	349,452
Prepaid expenses	13,200	7,994
Investments	177,147	171,543
Deposits on leased property	5,000	5,000
Property and equipment	97,748	94,128
Accumulated depreciation	<u>(50,789)</u>	<u>(39,826)</u>
 Total Assets	 <u>\$820,319</u>	 <u>\$800,129</u>
 <u>LIABILITIES</u>		
Accounts payable	\$ 16,186	\$ 21,895
Accrued expenses:		
Retirement	12,720	24,604
Vacation	27,842	26,624
Other	488	7,466
Deferred revenue	<u>27,821</u>	<u>0</u>
 Total Liabilities	 85,057	 80,589
 <u>NET ASSETS</u>		
Unrestricted	369,474	370,088
Temporarily restricted	<u>365,788</u>	<u>349,452</u>
 Total Net Assets	 <u>735,262</u>	 <u>719,540</u>
 Total Liabilities and Net Assets	 <u>\$820,319</u>	 <u>\$800,129</u>

See accompanying notes to financial statements.

CHILDREN'S BUREAU OF NEW ORLEANS
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 1999
With Summarized Financial Information
for the Year Ended June 30, 1998

	<u>Unrestricted</u>
<u>SUPPORT AND REVENUE</u>	
Contributions and private grants	\$ 99,251
Fees and grants from governmental agencies	543,937
Program service fees	62,923
Conference registration fees	0
Dividends and interest	9,498
Net realized and unrealized gains on investments	21,307
Fund-raising	32,657
Miscellaneous	2,784
United Way allocations	0
United Way designations	19,542
Net assets released from restrictions	<u>349,452</u>
<i>Total Support and Revenue</i>	<u>1,141,351</u>
<u>EXPENSES</u>	
Program services:	
Adoption/Foster care	166,627
Counseling	500,486
Loss and Survival Team	<u>377,105</u>
	<u>1,044,218</u>
Supporting services:	
Management and general	57,181
Resource development	<u>40,566</u>
	<u>97,747</u>
<i>Total Expenses</i>	<u>1,141,965</u>
Increase (Decrease) in Net Assets	<u>(614)</u>
<u>NET ASSETS</u>	
Beginning of year, as previously reported	370,088
Prior period adjustment	<u>0</u>
Beginning of year, as restated	<u>370,088</u>
End of year	<u>\$ 369,474</u>

See accompanying notes to financial statements.

Temporarily
Restricted

1999
Total

1998
Total

\$ 0	\$ 99,251	\$ 184,073
0	543,937	554,391
0	62,923	60,721
0	0	19,389
0	9,498	10,815
0	21,307	22,590
0	32,657	17,618
0	2,784	2,014
365,788	365,788	349,452
0	19,542	26,506
<u>(349,452)</u>	<u>0</u>	<u>0</u>
<u>16,336</u>	<u>1,157,687</u>	<u>1,247,569</u>
0	166,627	201,289
0	500,486	548,295
<u>0</u>	<u>377,105</u>	<u>418,294</u>
<u>0</u>	<u>1,044,218</u>	<u>1,167,878</u>
0	57,181	118,023
<u>0</u>	<u>40,566</u>	<u>40,223</u>
<u>0</u>	<u>97,747</u>	<u>158,246</u>
<u>0</u>	<u>1,141,965</u>	<u>1,326,124</u>
<u>16,336</u>	<u>15,722</u>	<u>(78,555)</u>
0	370,088	457,984
<u>349,452</u>	<u>349,452</u>	<u>340,111</u>
<u>349,452</u>	<u>719,540</u>	<u>798,095</u>
<u>\$365,788</u>	<u>\$ 735,262</u>	<u>\$ 719,540</u>

CHILDREN'S BUREAU OF NEW ORLEANS
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 1999
With Summarized Financial Information
for the Year Ended June 30, 1998

	<u>Program Services</u>		
	<u>Adoption/ Foster Care</u>	<u>Counseling</u>	<u>Loss and Survival Team</u>
Salaries	\$117,538	\$356,337	\$267,438
Employees' retirement benefits and medical insurance	6,927	21,774	18,786
Payroll taxes	<u>10,466</u>	<u>29,252</u>	<u>23,902</u>
<i>Total Employee Compensation</i>	134,931	407,363	310,126
Professional fees and contract service payments	12,606	26,146	19,104
Supplies	357	12,597	5,551
Telephone	1,384	7,941	7,020
Postage and messenger service	747	737	730
Occupancy	10,587	29,570	17,127
Equipment maintenance	370	740	647
Printing and publications	365	931	900
Travel and other transportation	1,566	5,908	8,192
Conferences and meetings	541	2,913	2,563
Specific assistance	717	0	207
Membership dues	707	1,254	997
Moving	0	0	0
Awards and grants	0	0	0
Depreciation	0	0	0
PTSD Conference	0	0	0
Miscellaneous and insurance	<u>1,749</u>	<u>4,386</u>	<u>3,941</u>
<i>Total Expenses</i>	<u>\$166,627</u>	<u>\$500,486</u>	<u>\$377,105</u>

See accompanying notes to financial statements.

<u>Total Program Services</u>	<u>Supporting Services</u>			<u>Total Program and Supporting Services Expenses</u>	
	<u>Management and General</u>	<u>Resource Development</u>	<u>Total Supporting Services</u>	<u>1999</u>	<u>1998</u>
	\$ 741,313	\$18,354	\$26,683	\$45,037	\$ 786,350
47,487	620	937	1,557	49,044	79,390
<u>63,620</u>	<u>554</u>	<u>807</u>	<u>1,361</u>	<u>64,981</u>	<u>74,234</u>
852,420	19,528	28,427	47,955	900,375	989,687
57,856	3,905	0	3,905	61,761	58,652
18,505	1,418	0	1,418	19,923	19,318
16,345	1,978	0	1,978	18,323	22,244
2,214	709	0	709	2,923	7,396
57,284	2,716	0	2,716	60,000	57,289
1,757	765	0	765	2,522	6,706
2,196	448	0	448	2,644	3,653
15,666	2,113	0	2,113	17,779	16,949
6,017	1,629	0	1,629	7,646	7,396
924	0	0	0	924	66,594
2,958	882	0	882	3,840	2,877
0	0	0	0	0	5,241
0	3,185	0	3,185	3,185	322
0	10,963	0	10,963	10,963	9,514
0	0	0	0	0	29,471
<u>10,076</u>	<u>6,942</u>	<u>12,139</u>	<u>19,081</u>	<u>29,157</u>	<u>22,815</u>
<u>\$1,044,218</u>	<u>\$57,181</u>	<u>\$40,566</u>	<u>\$97,747</u>	<u>\$1,141,965</u>	<u>\$1,326,124</u>

CHILDREN'S BUREAU OF NEW ORLEANS
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 1999
With Summarized Financial Information
for the Year Ended June 30, 1998

	<u>1999</u>	<u>1998</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Increase (decrease) in net assets	\$ 15,722	\$(78,555)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used for) operating activities:		
Depreciation	10,963	9,514
Net realized and unrealized gains on investments	(21,307)	(22,590)
(Increase) decrease in assets:		
Accounts receivable	24,671	36,188
United Way allocations receivable	(16,336)	(9,341)
Prepaid expenses	(5,206)	(1,787)
Deposits on leased property	0	(5,000)
Increase (decrease) in liabilities:		
Accounts payable	(5,709)	11,653
Accrued expenses	(17,644)	6,106
Deferred revenue	<u>27,821</u>	<u>0</u>
 Net Cash Provided by (Used for) Operating Activities	 <u>12,975</u>	 <u>(53,812)</u>
 <u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchase of equipment	(3,620)	(53,363)
Sales of investments	<u>15,703</u>	<u>33,851</u>
 Net Cash Provided by (Used for) Investing Activities	 <u>12,083</u>	 <u>(19,512)</u>
 Net Increase (Decrease) in Cash and Cash Equivalents	 25,058	 (73,324)
 Cash and Cash Equivalents -		
Beginning of Year	<u>86,858</u>	<u>160,182</u>
End of Year	<u>\$111,916</u>	<u>\$ 86,858</u>

Supplemental Schedule of Cash Flow Information

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, 1999

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, 1999

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 OF NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS
(Continued)
JUNE 30, 1999

Summary of Significant Accounting Policies (Cont'd)

Net Assets (Cont'd)

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

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, \$12,824 of donated medical, legal and other professional services were received.

CHILDREN'S BUREAU OF NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS
(Continued)
JUNE 30, 1999

C. Accounts Receivable

The accounts receivable at June 30, 1999 are categorized by source as follows.

Fees and grants from governmental agencies	\$ 91,952
Program service fees	7,963
Other	<u>394</u>
<i>Total</i>	<u>\$100,309</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	\$67,748
Leasehold improvements	<u>30,000</u>
	97,748
Less: Accumulated depreciation	<u>(50,789)</u>
<i>Total Property and Equipment</i>	<u>\$46,959</u>

In 1999, depreciation expense was \$10,963.

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, 1999 are as follows.

Mutual funds	\$ 93,671
Mortgage-backed securities - F.N.M.A.	<u>83,476</u>
<i>Total Investments</i>	<u>\$177,147</u>

The following schedule summarizes the investment income which is classified as unrestricted in the *Statement of Activities* for the year ended June 30, 1999.

Dividends and interest income	\$ 9,498
Realized and unrealized gains on investments	<u>21,307</u>
	 <u>\$30,805</u>

CHILDREN'S BUREAU OF NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS
(Continued)
JUNE 30, 1999

F. Unrestricted Net Assets

Unrestricted net assets consists of the following:

Carrying value of property and equipment after accumulated depreciation	\$ 46,959
Net assets available for general activities	<u>322,515</u>
	<u>\$369,474</u>

The Board of Directors has designated \$42,628 of the net assets available for general activities to be used to fund future contributions to the Profit Sharing/Defined Contribution Plan. 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, 1999.

G. Temporarily Restricted Net Assets

The following temporarily restricted net assets were released during 1999 due to the satisfaction of donor restrictions.

Adoption Program activities	\$ 88,566
Counseling Program activities	217,046
Specialized Counseling Program activities - Loss and Survival Team Program	<u>43,840</u>
	<u>\$349,452</u>

The temporarily restricted net assets remaining at June 30, 1999 are for the following purposes:

Adoption program activities	\$ 93,566
Counseling program activities	220,567
Specialized Counseling Program Activities - Loss and Survival Team	<u>51,655</u>
	<u>\$365,788</u>

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 \$12,720, were based on 2.5% 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, 1999

I. Commitments

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, 1999 for each of the next five years and in the aggregate are:

June 30,	
2000	\$ 70,000
2001	72,000
2002	82,000
2003	84,000
2004	94,000
Thereafter	<u>328,000</u>
	<u>\$730,000</u>

Rental expense under all operating leases for fiscal year 1999 was \$60,000.

In addition, this lease contains an escalation clause 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 agreement.

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 is valid through the next on-site review, due in 2000.

CHILDREN'S BUREAU OF NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS
(Continued)
JUNE 30, 1999

K. Prior Period Adjustment

During 1999, it was determined that previous years' United Way program allocations had not been recognized by Children's Bureau as unconditional promises to give in accordance with SFAS 116, "Accounting for Contributions Received and Made." Under SFAS 116, entities are required to recognize United Way program allocations in the year in which they receive notification of upcoming allocations. This was adjusted in 1999 by restating the beginning 1998 net asset balance. The effect of the adjustment was to increase income in aggregate by \$340,111 in prior years. The 1998 income increased by \$9,341. The net restatement to temporarily restricted net assets was \$349,452 at June 30, 1998.

SUPPLEMENTARY INFORMATION

CHILDREN'S BUREAU OF NEW ORLEANS
 SCHEDULE OF REVENUE AND EXPENSES
 UNITED WAY BUDGET FORMAT
YEAR ENDED JUNE 30, 1999

	<u>Agency Total</u>
<u>REVENUE</u>	
4200 Board-generated self-support	\$ 99,251
4201 Client-generated self-support	62,923
5000 Government grants and contract	543,937
6700 Other revenue	<u>66,246</u>
<i>Total Self-Generated Revenue</i>	772,357
4702 United Way designations	16,387
4703 CFC designations	<u>3,155</u>
<i>Total Revenue</i>	791,899
4701 United Way allocations	<u>349,452</u>
<i>Grand Total Revenue</i>	<u>1,141,351</u>
<u>EXPENSES</u>	
7300 Compensation expenses	900,375
8400 Occupancy	60,000
8700 Travel and transportation	25,425
8900 Specific assistance	924
9402 Board-generated self-support	0
9400 Other direct program/support	<u>144,278</u>
<i>Grand Total Expenses</i>	<u>1,131,002</u>
Net Difference	\$ <u>10,349</u>
9500 Depreciation	\$ <u>10,963</u>

EXPENSE ANALYSIS

Total direct program expenses
 Percent of total program expenses
 Distribution of supporting services expenses
 Grand total program expenses
 Unduplicated people served
 Cost per person

Note 1: The Schedule of Revenue and Expenses - United Way Budget Format is prepared on the accrual basis of accounting, except for the United Way allocations, which are recorded on a cash basis.

Program Services

<u>Supporting Services</u>	<u>Total Program Services</u>	<u>Adoption Foster Care</u>	<u>Counseling</u>	<u>Loss and Survival Team</u>
\$ 40,509	\$ 58,742	\$ 15,222	\$ 5,365	\$ 38,155
0	62,923	37,328	25,595	0
0	543,937	0	271,680	272,257
<u>66,246</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
106,755	665,602	52,550	302,640	310,412
6,555	9,832	7,538	0	2,294
<u>0</u>	<u>3,155</u>	<u>2,398</u>	<u>0</u>	<u>757</u>
113,310	678,589	62,486	302,640	313,463
<u>0</u>	<u>349,452</u>	<u>88,552</u>	<u>217,045</u>	<u>43,855</u>
<u>113,310</u>	<u>1,028,041</u>	<u>151,038</u>	<u>519,685</u>	<u>357,318</u>
47,955	852,420	134,931	407,363	310,126
2,716	57,284	10,587	29,570	17,127
3,742	21,683	2,107	8,821	10,755
0	924	717	0	207
0	0	0	0	0
<u>32,371</u>	<u>111,907</u>	<u>18,285</u>	<u>54,732</u>	<u>38,890</u>
<u>86,784</u>	<u>1,044,218</u>	<u>166,627</u>	<u>500,486</u>	<u>377,105</u>
<u>\$ 26,526</u>	<u>\$ (16,177)</u>	<u>\$ (15,589)</u>	<u>\$ 19,199</u>	<u>\$ (19,787)</u>
<u>\$ 10,963</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
		<u>\$166,627</u>	<u>\$500,486</u>	<u>\$377,105</u>
		<u>16%</u>	<u>48%</u>	<u>36%</u>
		<u>\$ 13,848</u>	<u>\$ 41,595</u>	<u>\$ 31,341</u>
		<u>\$180,475</u>	<u>\$542,081</u>	<u>\$408,446</u>
		<u>1,176</u>	<u>4,008</u>	<u>6,766</u>
		<u>\$ 153</u>	<u>\$ 135</u>	<u>\$ 60</u>

CHILDREN'S BUREAU OF NEW ORLEANS
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED JUNE 30, 1999

Federal Grantor

Pass-through Grantor

Additional Pass-through Grantor

Federal CFDA Program Title

Children's Bureau Program Title

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

Passed through City of New Orleans

New Orleans Weed and Seed Program's Gun

Education Component

Weed and Seed Program

16.595

Department of Health and Human Services

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

14.219

Total Disbursements/Expenditures

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>		
98-C9-V.2-0356 98-C9-V.4-0313 97-C9-V.4-0330 97-C9-V.2-0323	\$133,181		
98-C7-V.4-0332 97-C7-V.4-0321	<u>66,547</u>	\$199,728	
PC21000000012050		<u>13,500</u>	<u>\$213,228</u>
CFMS #54214 CFMS #528064		28,507	
CFMS #526618 CFMS #506896	95,708		
CFMS #518033	<u>12,027</u>	<u>107,735</u>	<u>136,242</u>
CD #50-173(97)			<u>38,425</u>
			<u>\$387,895</u>

SPILSBURY, HAMILTON, LEGENDRE & PACIERA

KEITH T. HAMILTON, C.P.A.
LEROY P. LEGENDRE, C.P.A.
KIRTH M. PACIERA, C.P.A.

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(1905-1985)

MEMBERS 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, 1999, and have issued our report thereon dated September 23, 1999. 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 does not reduce to a relatively low level the risk that misstatements

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

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 solely for the information and use of the President, Board of Directors, management, federal awarding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Spilsbury, Hamilton, Legendre & Paciera

September 23, 1999

SPILSBURY, HAMILTON, LEGENDRE & PACIERA

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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, 1999. 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, 1999.

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

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 solely for the information and use of the President, Board of Directors, management, federal awarding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Spilsbury, Hamilton, Legendre & Paciera

September 23, 1999

SPILSBURY, HAMILTON, LEGENDRE & PACIERA
CERTIFIED PUBLIC ACCOUNTANTS LEGISLATIVE AUDITOR

KEITH T. HAMILTON, C.P.A.
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KIRTH M. PACIERA, C.P.A.
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WINEY T. SPILSBURY, C.P.A.
(1905 - 1985)

MEMBERS OF
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CERTIFIED PUBLIC ACCOUNTANTS

September 23, 1999

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, 1999, 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 23, 1999 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:

Pledge Cards

During our review of contributions revenue, we noted that Children's Bureau donation request cards list amounts next to descriptions of services. Some donors may get the impression that the donation is for that service. In other words, the donation is restricted. We recommend that Children's Bureau consider changing the format of these donation requests so that restrictions are not present.

Accounts Receivable - Adoption

During our review of accounts receivable and adoption revenue, we noted that Children's Bureau maintains account information in a card file. Also, we noted that there is no account summary, except at year-end as a part of the audit. We recommend that Children's Bureau maintain an adoption accounts receivable subledger to keep track of billings and receipts.

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 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 continue to take steps to identify, modify, and test all systems that may be impacted by the Year 2000 Issue. In addition, you should continue to 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.

President and Board of Directors
Children's Bureau of New Orleans
September 23, 1999
Page 3


The Year 2000 Issue (Ccont'd)

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.

We wish to thank you and the accounting department for the support and assistance given us during our audit, especially, the additional time that Carolyn and Cathy spent preparing the requested client assistance schedules.

This report is intended solely for the information and use of the President, Board of Directors, management, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,


SPILSBURY, HAMILTON, LEGENDRE AND PACIERA
Certified Public Accountants



December 23, 1999

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LEGISLATIVE AU
00 JAN 24 AM 11:55

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

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Maureen Provost

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Marshal J. Smien, Jr.

William Stewart

Vanessa Washington

Dear Mr. Kyle:

The following are our responses to the auditor's comments made in conjunction with the fiscal year 1999 audit:

COMMENT: Pledge Cards

During our review of contributions revenue, we noted that Children's Bureau donation request cards list amounts next to descriptions of services. Some donors may get the impression that the donation is for that service. In other words, the donation is restricted. We recommend that Children's Bureau consider changing the format of these donation requests so that restrictions are not present.

RESPONSE:

Enclosed you will find a pledge card which was used with our December 1999 annual giving campaign. Please note that we no longer put descriptions of services next to amounts and consider all donations received as unrestricted

COMMENT: Accounts Receivable - Adoption

During our review of accounts receivable and adoption revenue, we noted that Children's Bureau maintains account information in a card file. Also, we noted that there is no account summary, except at year-end as a part of the audit. We recommend that Children's Bureau maintain an adoption accounts receivable sub-ledger to keep track of billings and receipts.

RESPONSE:

Accounts Receivable-Adoption- As of 7/1/99 our accountant maintains and updates monthly all adoption receivables and receipts on a computerized sub-ledger.

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 program, 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,

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GIVING ROOTS AND WINGS TO FAMILIES AND CHILDREN SINCE 1892



2000. On that date, some computer program 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 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 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 continue to take 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 accounting software has been certified as Y2K compliant. In 1999, we reviewed the compliance of all other in-house software, as well as all hardware. Contingency plans were developed and we hired an MIS consultant for support and guidance during the Y2K preparation planning process.

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

Sincerely,


Ronald P. McClain
Executive Director

RPM/pe