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**FAMILY ADVOCACY AND NEIGHBORHOOD SERVICES, INC.**

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Under provisions of state law, this report is a public document. A copy of the report has been submitted to the auditor, or, if desired, duly authorized representative of public officials. The report is available for public inspection at the Public Program Office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date JAN 13 1999

**FINANCIAL AND COMPLIANCE AUDIT**

**TOGETHER WITH**

**INDEPENDENT AUDITORS' REPORT**

**FOR THE YEAR ENDED JUNE 30, 1998**

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**INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
**Family Advocacy and Neighborhood Services, Inc.**

We have audited the accompanying statement of financial position of **Family Advocacy and Neighborhood Services, Inc. (the Corporation)** (a not-for-profit corporation) as of June 30, 1998, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of **the Corporation's** management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and 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 **Family Advocacy and Neighborhood Services, Inc.** 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.

**INDEPENDENT AUDITORS' REPORT**  
**(CONTINUED)**

To the Board of Directors  
**Family Advocacy and Neighborhood Services, Inc.**  
Page 2

In accordance with *Government Auditing Standards*, we have also issued our report dated October 23, 1998 on our consideration of **the Corporation's** 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 of **the Corporation** taken as a whole. The accompanying schedule of functional expenses is presented for purposes of additional analysis and is not a required part of the basic financial statements. 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.

*Bruno & Tervalon*  
**BRUNO & TERVALON**  
**CERTIFIED PUBLIC ACCOUNTANTS**

October 23, 1998

**Bruno**

CERTIFIED PUBLIC ACCOUNTANTS

**& Tervalon**

**FAMILY ADVOCACY AND NEIGHBORHOOD SERVICES, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 1998**

---

ASSETS

Cash	\$ 52
Grants receivable	8,122
Accounts receivable	231
Vehicles, furniture and equipment, net (NOTES 2 and 3)	<u>23,804</u>
Total assets	<u>\$32,209</u>

LIABILITIES AND NET ASSETS

Liabilities:	
Bank overdrafts	\$ 2,153
Accounts payable and accrued liabilities	16,418
Note payable (NOTE 3)	<u>5,000</u>
Total liabilities	<u>23,571</u>
Net assets:	
Unrestricted (NOTE 1)	<u>8,638</u>
Total net assets	<u>8,638</u>
Total liabilities and net assets	<u>\$32,209</u>

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

**FAMILY ADVOCACY AND NEIGHBORHOOD SERVICES, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 1998**

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**SUPPORT AND REVENUE**

Support:

Grants-Federal-pass through the State of Louisiana	\$ 20,074
Grants-State of Louisiana	221,638
Grants-Other	<u>13,050</u>
Total support	<u>254,762</u>

Revenue:

Other income	6,429
Interest income	<u>25</u>
Total income	<u>6,454</u>

Total support and revenue 261,216

**EXPENSES**

Program services:

Community and school programs	199,429
Safe and drug free programs	20,074
Media productions	<u>19,928</u>
Total program services	<u>239,431</u>

Support Services:

Management and general	<u>38,897</u>
Total support services	<u>38,897</u>

Total expenses 278,328

Change in net assets (17,112)

Unrestricted net assets, beginning of year 25,750

Unrestricted net assets, end of year \$ 8,638

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

**FAMILY ADVOCACY AND NEIGHBORHOOD SERVICES, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 1998**

---

**OPERATING ACTIVITIES**

Change in net assets	\$ (17,112)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	12,007
Change in operating assets and liabilities:	
Grants receivable	(8,122)
Accounts receivable	(231)
Prepaid expenses	1,767
Accounts payable and accrued liabilities	8,344
Deferred revenue	<u>(16,889)</u>
Net cash used in operating activities	<u>(20,236)</u>

**INVESTING ACTIVITIES**

Purchases of furniture and equipment	<u>(11,828)</u>
Net cash used in investing activities	<u>(11,828)</u>

**FINANCING ACTIVITIES**

Bank overdrafts	2,153
Proceeds from note payable	<u>5,000</u>
Net cash provided by financing activities	<u>7,153</u>
Net decrease in cash	(24,911)
Cash at beginning of year	<u>24,963</u>
Cash at end of year	\$ <u><u>52</u></u>

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

**FAMILY ADVOCACY AND NEIGHBORHOOD SERVICES, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

---

NOTE 1 - Nature of Activities and Summary of Significant Accounting Policies:

General

**Family Advocacy & Neighborhood Services, Inc. (the Corporation)** is a community service organization designed to service the economic, social and cultural needs of the underprivileged and disadvantaged, including but not limited to at-risk youth, teenage mothers, single parent female head-of-households and isolated senior citizens.

**The Corporation** offers programs that provide an array of consulting, teaching, and advising services to help families work together to enhance a student's learning and academic achievements. *Cultural enrichment activities* such as concerts, dances, and theme festivals are also offered to the community.

*The objectives of the Corporation* are to provide:

- o Individual and or family counseling for juveniles demonstrating adjustment or behavioral problems in the traditional classroom environment;
- o Individual and or group parenting skills, financial management planning programs, and/or self esteem and confidence building programs for single female parents and teenage mothers;
- o Cultural enrichment programs for economically disadvantaged and gifted youth;
- o Medication and nutrition counseling services for senior citizens and assistance with elderly compliance as it applies to Medicare;
- o Coordination with after school church-based tutorial programs, as administered by the Department of Education; and



**FAMILY ADVOCACY AND NEIGHBORHOOD SERVICES, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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NOTE 1 - Nature of Activities and Summary of Significant Accounting Policies, Continued:

- o Facilitate and promote information dissemination and communication regarding the availability of necessary social services on a federal, state, and/or local level.

Principles of Accounting

**The Corporation** is a non-profit, community based organization whose financial statements are prepared on the accrual basis and in accordance with generally accepted accounting principles. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Equipment, Furniture and Vehicles

Equipment and vehicles of **the Corporation** are recorded as assets and are stated at historical costs if purchased or at fair market value at the date of the gift, if donated. Additions, improvements and expenditures that significantly extend the useful life of an asset are capitalized.

Depreciation is provided using the straight-line method over the estimated useful lives of the assets as follows:

Equipment and furniture	3-5 years
Vehicles	5 years

**FAMILY ADVOCACY AND NEIGHBORHOOD SERVICES, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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NOTE 1 - Nature of Activities and Summary of Significant Accounting Policies, Continued:

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Depreciation expense for the year ended June 30, 1998 was \$12,007.

Revenue Recognition

Revenue from governmental grants and certain other restricted contributions is recognized when allowable expenditures are made by the Corporation. Funds received for specific purposes but not yet expended are recorded as deferred revenue.

Cash

Cash consists of the interest bearing and non-interest bearing checking accounts.

Income Taxes

The Corporation is exempt from federal income taxes through Section (501)(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes is made in the accompanying financial statements.

Fair Value of Financial Instruments

The Corporation considers the carrying amounts of its cash to be fair value.

Financial Statement Presentation

In accordance with Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations", **the Corporation** 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, as applicable.

**FAMILY ADVOCACY AND NEIGHBORHOOD SERVICES, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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NOTE 1 - Nature of Activities and Summary of Significant Accounting Policies, Continued:

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Contributions

In accordance with Statement of Financial Accounting Standards (SFAS) No. 116, "Accounting for Contributions Received and Contributions. Made", contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

NOTE 2 - Equipment, Furniture and Vehicles:

Equipment and vehicles at June 30, 1998 are summarized as follows:

Equipment and furniture	\$ 37,153
Vehicles	<u>14,000</u>
	51,153
Accumulated depreciation	<u>(27,349)</u>
Equipment, furniture and vehicles, (net)	<u>\$ 23,804</u>

NOTE 3 - Note Payable:

The following is a summary of note payable at June 30, 1998:

Note payable to a bank, secured by vehicle with an interest rate of 16% payable in one installment due on June 22, 1999	<u>\$5,000</u>
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**FAMILY ADVOCACY AND NEIGHBORHOOD SERVICES, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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NOTE 4 - Description of Leasing Arrangements:

The facilities presently used by **the Corporation** are leased under a short-term arrangement.

NOTE 5 - Contingency:

**The Corporation** is a recipient of grants from the State of Louisiana and other funding sources. The grants are governed by various State guidelines, regulations, and contractual agreements.

The administration of the program and activities funded by these grants are under the control and administration of **the Corporation** and are subject to audit and/or review by the applicable funding source. Any grant found to be not properly spent in accordance with the terms, conditions, and regulations of the funding sources may be subject to recapture.

NOTE 6 - Concentration of Credit Risk:

**The Corporation** receives primarily all of its revenues from the State of Louisiana. If the amount of revenues received from the State fall below critical levels, **the Corporation's** operating results could be adversely affected.

## **SUPPLEMENTARY INFORMATION**

**FAMILY ADVOCACY AND NEIGHBORHOOD SERVICES, INC.**  
**SCHEDULE OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 1997**

	<u>Program Services</u>			<u>Total</u>	<u>Support Services</u>	
	<u>Community</u> <u>and</u> <u>School</u>	<u>Safe and</u> <u>Drug-Free</u>	<u>Media</u> <u>Production</u>		<u>Program</u> <u>Services</u>	<u>Management</u> <u>and</u> <u>General</u>
Salaries and wages	\$ 67,831	\$ 8,000	\$ -0-	\$ 75,831	\$ 3,931	\$ 79,762
Payroll taxes	6,281	891	-0-	7,172	301	7,473
Professional services	49,927	8,730	19,767	78,424	22,511	100,935
Advertising	215	-0-	-0-	215	320	535
Supplies	12,112	-0-	90	12,202	2,071	14,273
Programmatic activities	21,849	901	71	22,821	4,878	27,699
Office expenses	22,945	-0-	-0-	22,945	2,434	25,379
Repairs and maintenance	2,591	-0-	-0-	2,591	160	2,751
Special events	3,671	-0-	-0-	3,671	-0-	3,671
Other	<u>-0-</u>	<u>1,552</u>	<u>-0-</u>	<u>1,552</u>	<u>2,291</u>	<u>3,843</u>
Total expenses before depreciation	187,422	20,074	19,928	227,424	38,897	266,321
Depreciation	<u>12,007</u>	<u>-0-</u>	<u>-0-</u>	<u>12,007</u>	<u>-0-</u>	<u>12,007</u>
	<u>\$199,429</u>	<u>\$20,074</u>	<u>\$19,928</u>	<u>\$239,431</u>	<u>\$38,897</u>	<u>\$278,328</u>

See Independent Auditors' Report on Supplementary Information.

**& Tervalon**

MICHAEL B. BRUNO, CPA  
ALCIDE J. TERVALON, JR., CPA  
WALDO J. MORET, JR., CPA

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

To the Board of Directors  
**Family Advocacy and Neighborhood Services, Inc.**

We have audited the financial statements of **Family Advocacy and Neighborhood Services, Inc., (the Corporation) (a not-for-profit corporation)**, as of and for the year ended June 30, 1998, and have issued our report thereon dated October 23, 1998. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether **the Corporation'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*.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL  
CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS  
(CONTINUED)

Internal Control Over Financial Reporting

In planning and performing our audit, we considered **the Corporation'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 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. However, we noted other matters involving the internal control over financial reporting that we have reported to management in a separate letter dated October 23, 1998.

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

*Bruno & Tervalon*  
BRUNO & TERVALON  
CERTIFIED PUBLIC ACCOUNTANTS

October 23, 1998



**FAMILY ADVOCACY AND NEIGHBORHOOD SERVICES, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 1998**

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We have audited the financial statements of **Family Advocacy and Neighborhood Services, Inc.** as of and for the year ended June 30, 1998, and have issued our report thereon dated October 23, 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. Our audit of the financial statements as of June 30, 1998 resulted in an unqualified opinion.

**Section I - Summary of Auditor's Reports**

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses - No

Reportable Conditions - No

Compliance

Compliance Material to Financial Statements - No

b. Federal Awards

Not Applicable

**Section II - Findings Relating to the Financial Statements Reported in Accordance with Government Auditing Standards**

No matters reported.

**Section III - Findings and Questioned Costs Related to Federal Awards**

Not Applicable

**FAMILY ADVOCACY AND NEIGHBORHOOD SERVICES, INC.**  
**STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS**

---

RESOLVED    UNRESOLVED

**INTERNAL CONTROL AND COMPLIANCE  
MATERIAL TO FINANCIAL STATEMENTS**

None were reported.

**INTERNAL CONTROL AND COMPLIANCE  
MATERIAL TO FEDERAL AWARDS**

Not applicable.

**MANAGEMENT LETTER COMMENTS**

97-1	Related Parties	X	
97-2	Support Services	X	
97-3	Petty Cash (See Management Letter)		X

**FAMILY ADVOCACY AND NEIGHBORHOOD SERVICES, INC.**

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EXIT CONFERENCE

An exit conference was held and those in attendance were as follows:

FAMILY ADVOCACY AND NEIGHBORHOOD SERVICES, INC.

Mr. Jim Hutchinson -- Executive Director

BRUNO & TERVALON, CERTIFIED PUBLIC ACCOUNTANTS

Mr. Michael B. Bruno, CPA -- Managing Partner  
Mr. Armand E. Pinkney -- Supervisor

The audit report was discussed. This report is intended solely for the use of the Board of Directors, the Legislative Auditor of the State of Louisiana and management and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

*Bruno & Tervalon*  
**BRUNO & TERVALON**  
**CERTIFIED PUBLIC ACCOUNTANTS**

October 23, 1998

**& Tervalon**

MICHAEL B. BRUNO, CPA  
ALCIDE J. TERVALON, JR., CPA  
WALDO J. MORET, JR., CPA

**INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT**

To the Board of Directors  
**Family Advocacy and Neighborhood Services, Inc.**

In planning and performing our audit of the financial statements of **Family Advocacy and Neighborhood Services, Inc. (the Corporation)** for the year ended June 30, 1998, we considered **the Corporation's** internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit, we became aware of the following matters that are opportunities for strengthening internal controls and operating efficiency. This letter summarizes our comments and suggestions regarding those matters.

**PETTY CASH**

During the course of the audit we noted a check drawn for reimbursement of petty cash expenditures was made payable to "cash".

**Recommendation**

We recommend that checks drawn as reimbursement for petty cash expenditures be made payable to the custodian of petty cash.

**FUND RAISING ACTIVITIES**

During the course of the year, it became necessary for **the Corporation** to explore and obtain temporary short-term financing to cover operating expenses due to cash flow difficulties resulting from the timing of receipts from it's funding sources. Additionally, **the Corporation** experienced an operating deficit in the amount of \$17,112 from operations during the year ended June 30, 1998.

**Recommendation**

We recommend that **the Corporation** give consideration to increasing its fund raising activities to supplement its grant revenues so as to eliminate the need to obtain future temporary short-term financing and to enhance its financial position, by eliminating or reducing future operating deficits.

\*\*\*\*\*

This letter does not affect our report dated October 23, 1998, on the financial statements of **Family Advocacy and Neighborhood Services, Inc.**

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 Corporation personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

*Bruno & Tervalon*  
**BRUNO & TERVALON**  
**CERTIFIED PUBLIC ACCOUNTANTS**

October 23, 1998

# FAMILY ADVOCACY & NEIGHBORHOOD SERVICES

5700 Read Blvd. Box 50

New Orleans, LA 70127

(504) 241-5700/Fax:243-7790

December 2, 1998

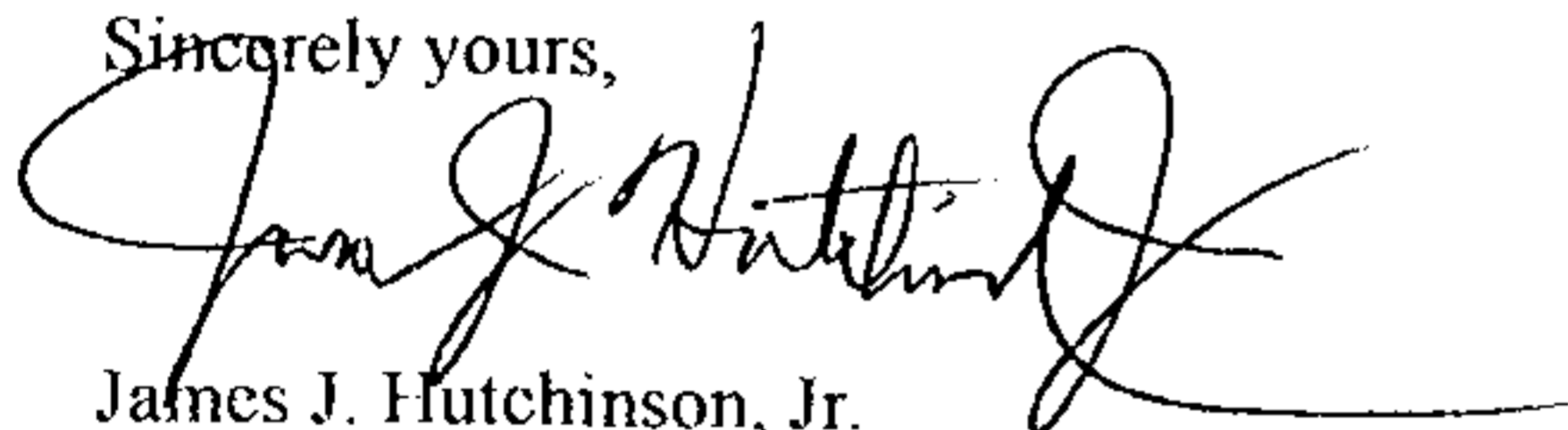
Dr. Daniel G. Kyle, CPA, CFE  
Legislative Auditor  
Office of the Legislative Auditor  
State of Louisiana  
Post Office Box 94397  
Baton Rouge, LA 70804-9397

Dear Dr. Kyle:

Please find enclosed management's corrective action plan to the management letter comments related to the audit of Family Advocacy and Neighborhood Services, Inc. as of and for the year ended June 30, 1998.

Should you have any questions, please advise.

Sincerely yours,



James J. Hutchinson, Jr.  
Executive Director

# FAMILY ADVOCACY & NEIGHBORHOOD SERVICES

5700 Read Blvd. Box 50

New Orleans, LA 70127

(504) 241-5700/Fax:243-7790

## CORRECTIVE ACTION PLAN JUNE 30, 1998

Audit Finding Reference No.  
98-MLC-01

Description of Condition  
Petty Cash

Federal Grantor/Program  
Not Applicable

Auditors' Recommendation  
Checks drawn as reimbursement of petty cash expenditures should be made payable to the custodian of petty cash.

Corrective Action Planned  
FANS commenced following the Auditor's recommendation regarding this issue on October 10, 1997, the date of Bruno's Tervalon's comments to Management on its Fiscal 1997 findings.

Anticipated Completion Date

Already completed as noted above.

Contact Person Responsible for Corrective Action

Name: James J. Hutchinson, Jr.

Phone: (504) 241-5700

# FAMILY ADVOCACY & NEIGHBORHOOD SERVICES

5700 Read Blvd. Box 50

New Orleans, LA 70127

(504) 241-5700/Fax:243-7790

## CORRECTIVE ACTION PLAN JUNE 30, 1998

Audit Finding Reference No.  
98- MLC-02

Description of Condition  
Fund Raising Activities

Federal Grantor/Program  
Not Applicable

### Auditors' Recommendation

The Corporation should give consideration to utilizing various fund raising activities to supplement its grant revenues to eliminate the need to obtain future short-term financing and to enhance its financial position by reducing or eliminating operating deficits.

### Corrective Action Planned

In November, 1997 we commenced writing more proposals to assist with our programs that historically had been funded 100% by the Governor's Urban Affairs Grants. Our efforts have been partially successful to date (I.E. Greater New Orleans Foundation Grant of \$2500 in July, 1998). Also, we have cut a staffing position and are working with OPIC on new hires to pick-up training monies. We are talking to major corporations now regarding grants and donations to FANS (both cash and equipment). Finally, the Board Members and Officers have contributed over \$1000 since July 1, 1998 to FANS.

### Anticipated Completion Date

On-going

### Contact Person Responsible for Corrective Action

Name: James J. Hutchinson, Jr.

Phone: (504) 241-5700