

**NELLIE BYERS TRAINING CENTER, INC.
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
JUNE 30, 2007**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the 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 3/5/08

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Silva & Associates, LLC

Certified Public Accountants

Craig A. Silva, CPA
Brent A. Silva, CPA
Tom A. Gurtner, CPA

INDEPENDENT AUDITORS' REPORT

Board of Directors
Nellie Byers Training Center, Inc.
Hammond, Louisiana

We have audited the accompanying statement of financial position of Nellie Byers Training Center, Inc. (a Louisiana not-for-profit corporation) as of June 30, 2007 and the related statements of activities, changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards for 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 Nellie Byers Training Center, Inc. as of June 30, 2007, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 21, 2007 on our consideration of Nellie Byers Training Center, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of the testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of Nellie Byers Training Center, Inc. taken as a whole. The accompanying schedule of financial assistance is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information in this schedule has been subjected to the 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.



December 21, 2007

4330 Dumaine Street
New Orleans, LA 70119
(504) 833-2436
(504) 484-0807

4331 Iberville Street
Mandeville, LA 70471
(985) 626-8299
(985) 626-9767

NELLIE BYERS TRAINING CENTER, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2007

ASSETS

Current Assets	
Cash and cash equivalents	\$ 62,691
Accounts receivable	7,777
Grants and contracts receivable	5,226
Medicare receivable, net	46,655
Prepaid insurance	<u>11,044</u>
Total current assets	133,393
Property and Equipment	
Leasehold improvements	153,854
Vehicles	138,817
Furniture and equipment	79,630
Building	<u>635,639</u>
	1,007,940
Less accumulated depreciation	<u>263,785</u>
Net property and equipment	<u>744,155</u>
	<u>\$ 877,548</u>

LIABILITIES AND NET ASSETS

Current Liabilities	
Accounts payable & accrued liabilities	<u>\$ -</u>
Total current liabilities	-

NET ASSETS

Net Assets	
Unrestricted	<u>877,548</u>
	<u>\$ 877,548</u>

The accompanying notes are an integral part of this statement.

NELLIE BYERS TRAINING CENTER, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2007

Revenues and Other Support	
Government grants and contracts	\$ 24,223
Program services	16,493
Sales of services	116,006
Medicare/Medicaid	186,882
Donations	1,185
United Way allocation/designation	2,191
Other	<u>1,101</u>
Total revenues and other support	348,081
Expenses	
Program services	376,886
Supporting services	<u>14,933</u>
Total expenses	<u>391,819</u>
Change in net assets	<u>\$ (43,738)</u>

The accompanying notes are an integral part of this statement.

NELLIE BYERS TRAINING CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Program Services</u>		<u>Supporting Services</u>	<u>Total</u>
	<u>Adult Habilitation</u>	<u>Work Activity</u>	<u>General and Administrative</u>	
Salaries	\$ 81,598	\$ 43,581	\$ 10,208	\$ 135,387
Payroll tax expense	7,820	977	977	9,774
Workers' compensation insurance	2,051	3,621	228	5,900
Meals	-	73	-	73
Contract labor	-	77,155	-	77,155
Depreciation	40,904	10,226	-	51,130
Transportation	15,202	-	-	15,202
Ground maintenance	-	5,358	-	5,358
Insurance	14,498	736	-	15,234
Lunch program	-	12,097	-	12,097
Maintenance	2,652	19,578	-	22,230
Miscellaneous	366	2,702	-	3,068
Office expense	653	4,822	-	5,475
Professional fees	9,304	-	-	9,304
Seminars	-	-	550	550
Supplies	-	8,650	-	8,650
Utilities	8,908	3,354	2,970	15,232
	<u>\$ 183,956</u>	<u>\$ 192,930</u>	<u>\$ 14,933</u>	<u>\$ 391,819</u>

The accompanying notes are an integral part of this statement.

NELLIE BYERS TRAINING CENTER, INC.
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2007

Net assets - beginning of year	\$ 921,286
Decrease in net assets	<u>(43,738)</u>
Net assets - end of year	<u>\$ 877,548</u>

The accompanying notes are an integral part of this statement.

NELLIE BYERS TRAINING CENTER, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2007

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ (43,738)
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	51,130
(Increase)/decrease in operating assets	
Accounts receivable	(1,092)
Grants and contracts receivable	15,111
Medicare/medicaid receivable, net	(14,436)
Prepaid expenses	(6,840)
Increase/(decrease) in operating liabilities	
Accounts payable and accrued liabilities	(24,814)
Payroll taxes payable	<u>(680)</u>
Net cash provided by/(used in) operating activities	(25,359)
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of property and equipment	<u>(2,178)</u>
Net cash provided by/(used in) investing activities	<u>(2,178)</u>
Net increase/(decrease) in cash and cash equivalents	(27,537)
Cash and cash equivalents - beginning of year	<u>90,228</u>
Cash and cash equivalents - end of year	<u>\$ 62,691</u>

The accompanying notes are an integral part of this statement.

NELLIE BYERS TRAINING CENTER, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Nellie Byers Training Center, Inc. (the "Center") was incorporated on July 1, 1975. The Center was organized to promote the general welfare of the mentally retarded, to advise and aid parents in the solution of mentally retarded problems, and to provide work-training services for retarded citizens of Bogalusa, Louisiana.

Donated Assets and Services

The Center records noncash donations as contributions at its estimated fair value at the date of donation.

The Center recognizes donated services, if significant in amount, that create or enhance non-financial assets or that require specialized skills, that are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Property and Equipment

Property and equipment are recorded at cost. Acquisitions of property and equipment are made with unrestricted assets. Depreciation is provided over the estimated useful lives of the respective assets, approximately five to thirty-five years, on a straight-line basis.

Restricted and Unrestricted Revenue and Support

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restrictions expire in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or the purpose of the 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.

Functional Expense Allocation

Functional expenses are allocated among various program services, general and administrative, and fundraising categories based on actual use or management's best estimate.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Center's management considers all unrestricted highly liquid debt instruments purchased with an initial maturity of three months or less to be cash equivalents.

NELLIE BYERS TRAINING CENTER, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

Use of Estimates in Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Income Taxes

Under the provisions of the Internal Revenue Code, Section 501(c)(3), and the applicable income tax regulations of Louisiana, the Center is exempt from taxes on income other than unrelated business income. The Center has also been classified as an entity that is not a private foundation in Section 170 (b)(1)(A)(vi). Since the Center had no net unrelated business income during the year ended June 30, 2007, no provision for income tax was made.

Financial Statement Presentation

The Center adopted Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Center 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 depending on the existence and/or nature of any donor restrictions.

Accounts Receivable

Accounts receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual receivables from grants, contracts, Medicaid/Medicare, and others. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to the applicable accounts receivable. Management believes that all receivables are collectible and as such has not recorded a valuation allowance as of June 30, 2007.

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Center; that is, in substance, unconditional. Contributions that are received subject to certain donor stipulations are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Medicare and Medicaid Reimbursement Programs

The Center is reimbursed under Medicare for services provided to Medicare beneficiaries and is paid a predetermined amount for these services based, for the most part, on the Plan of Care ("POC") assigned to each client.

NELLIE BYERS TRAINING CENTER, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE B - CONCENTRATIONS OF CREDIT RISK ARISING FROM CASH DEPOSITS IN EXCESS OF INSURED LIMITS

The Center maintains cash balances at several financial institutions located in Bogalusa, Louisiana. Accounts at each of these institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000. The Center's cash was not in excess of the FDIC insurance at June 30, 2007.

NOTE C - FAIR VALUES OF FINANCIAL INSTRUMENTS

The Center's financial instruments were comprised primarily of cash, cash equivalents, and accounts receivable, and its carrying amount approximated fair value. The following methods and assumptions were used to estimate the fair value of each class of financial instruments:

Cash and cash equivalents - the carrying amount approximates fair value because of the short maturities of those investments.

Accounts, Grants, and Contracts receivable - the carrying amount approximates fair value because of the short maturities of the instrument.

NOTE D - UNITED WAY ALLOCATION/DESIGNATION

The Center participated in the United Way for the Greater New Orleans Area allocation and designation of funds process. To participate in the allocation and designation of funds, certain restrictions were placed on the Center's ability to conduct certain fund raising activities or otherwise solicit contributions. The United Way's allocation/designation to the Center for the year ended June 30, 2007, was \$2,191.

NOTE E - THIRD PARTY PAYOR ARRANGEMENTS

The Center participates in the Medicare program as a provider of services to program beneficiaries. During the year ended June 30, 2007, approximately 54% of the Center's total revenue was derived from services provided to Medicare program beneficiaries. These revenues are based, in part, on cost reimbursement principles and are subject to audit and retroactive adjustment by the respective third-party provider. Laws and regulations governing the Medicare programs are complex and subject to interpretation. The Center believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing. Revenue derived from the Medicare program is subject to audit and adjustment by the fiscal intermediary. Although the fiscal intermediary has not completed its audits of the estimated settlements for the year ended June 30, 2007, the Center does not anticipate significant adverse adjustments to the recorded settlements.

NOTE F - MEDICARE REVENUE AND RELATED RECEIVABLES

Net Medicare revenue and the related accounts receivable are reported at the estimated net realizable amounts from third-party payors. Medicare receivable is shown net of an allowance for uncollectible accounts of \$15,552, as of June 30, 2007.

SUPPLEMENTARY INFORMATION

**NELLIE BYERS TRAINING CENTER, INC.
SCHEDULE OF FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2007**

DESCRIPTION	GRANT NUMBER	GRANT PERIOD FROM	GRANT PERIOD THROUGH	TOTAL GRANT AWARD	ASSISTANCE RECEIVED DURING YEAR		TOTAL REVENUE RECOGNIZED	EXPENDITURES	
					GRANTS	OTHER		GRANTS	OTHER
Louisiana Department of Health and Hospitals Office For Citizens With Developmental Disabilities	9.91E+08	7/1/2006	10/31/2006	24,223	24,223	-	24,223	24,223	-
				<u>\$ 24,223</u>	<u>\$ 24,223</u>	<u>\$ -</u>	<u>\$ 24,223</u>	<u>\$ 24,223</u>	<u>\$ -</u>

See independent auditors' report.

OTHER INDEPENDENT AUDITORS' REPORT

Silva & Associates, LLC

Certified Public Accountants

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

Board of Directors
Nellie Byers Training Center, Inc.
Hammond, Louisiana

We have audited the financial statements of Nellie Byers Training Center, Inc. as of and for the year ended June 30, 2007, and have issued our report thereon dated December 21, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Nellie Byers Training Center, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Nellie Byers Training Center, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Entity's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting. [Reference numbers: 2007-1, 2007-2].

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

4330 Dumaine Street
New Orleans, LA 70119
(504) 833-2436
(504) 484-0807

4331 Iberville Street
Mandeville, LA 70471
(985) 626-8299
(985) 626-9767

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider item 2007-2 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Nellie Byers Training Center, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 or other matters that are required to be reported under *Government Auditing Standards*.

Nellie Byers Training Center, Inc.'s responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Nellie Byers Training Center, Inc.'s response and, accordingly, we express no opinion on it.

This report is intended for the information of the board of directors, management, the Department of Health and Human Services, United Way, and the Louisiana Legislative Auditor. However, this report is a matter of public record, and its distribution is not limited.



December 21, 2007

**NELLIE BYERS TRAINING CENTER, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2007**

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unqualified	
Internal control over financial reporting:		
Material weaknesses identified?	<u> X </u> yes	<u> </u> no
Significant deficiencies identified not considered to be material weaknesses?	<u> X </u> yes	<u> </u> none reported
Noncompliance material to financial statements noted?	<u> </u> yes	<u> X </u> no

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	Not applicable.
Significant deficiencies identified not considered to be material weaknesses?	Not applicable.
Type of auditors' report issued on compliance for major programs:	Not applicable.
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510 (a)?	Not applicable.

Identification of major programs:

CFDA Numbers

Name of Federal Program or Cluster

Not applicable.

Dollar threshold used to distinguish between Type A and Type B programs:	<u> N/A </u>
Auditee qualified as low-risk audit?	<u> N/A </u>

See independent auditors' report.

**NELLIE BYERS TRAINING CENTER, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2007**

**Section II – Internal Control & Compliance
Governmental Auditing Standards**

Internal Control

Reference number: 2007-1

Criteria: The Center maintains its financial books and records in accordance with generally accepted accounting principles. The Center adjusts its financial records for material misstatements.

Condition: The Center cannot provide a single, accurate trial balance.

Cause: We have noted during our past and current year audit procedures that the work activity program transactions are manually accounted for in an excel spreadsheet and separate checking account, and are not recorded in the general ledger accounting systems with the rest of the Center's transactions. Also, past year audit adjustments are not recorded appropriately in the general ledger. As a consequence of continually following this policy, the Center cannot produce a single trial balance that contains all the activity for the current year.

Effect: The separate reports from the accounting system must be combined by us into a single trial balance and prior year adjustments not posted by the client must be reconciled by us in order to produce a single auditable trial balance.

Recommendation: We recommend that the Center begin recording all activity in one accounting system and that all proposed audit adjustments be recorded by the Center in a timely manner.

Corrective action plan: The Center will record all activity in one accounting system beginning with the current reports.

Contact person: Beth Schilling, Executive Director

Estimated completion date: June 30, 2008

Reference number: 2007-2

Criteria: The Center records revenue for Medicare claims on the accrual basis of accounting in accordance with generally accepted accounting principles. The Center follows up on denied claims and records an allowance for uncollectible receivables for claims that cannot be collected.

Condition: The Center is not able to calculate the amount of Medicare claims receivable as of June 30, 2007. Denied claims are not assessed for collectability and followed up on after the initial denial.

Cause: The Center records revenue for Medicare claims on the cash basis. There is no system in place to determine the amount of the receivable for Medicare claims. The Center does not follow up on denied claims, determine the reason for denial, assess collectability of the claim, and resubmit valid claims for payment.

**NELLIE BYERS TRAINING CENTER, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2007**

**Section II – Internal Control & Compliance
Governmental Auditing Standards**

Internal Control (continued)

Reference number: 2007-2 (continued)

Effect: The balance of Medicare claims receivable and Medicare revenue is materially misstated. The Center is not being paid for all legitimate Medicare claims and this has caused expenses to exceed revenues in the current year. There is a limit on the amount of time that the Center has to follow up on denied claims. This condition could have a substantial negative impact on the operations of the Center in the future.

Recommendation: We recommend that the Center begin recording Medicare claims on the accrual basis of accounting and institute policies and procedures for following up on denied claims.

Corrective action plan: The Center's director and bookkeeper are currently working with SRI and Unisys to identify and correct all denied claims. The Center will begin monitoring receivable amounts to ensure all valid claims are recorded as revenue and all denied claims are followed up on in a timely manner.

Contact person: Beth Schilling, Executive Director

Estimated completion date: June 30, 2008

NELLIE BYERS TRAINING CENTER, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2007

Ref.No.	Fiscal Year Finding Initially Occurred	Description	Corrective Action Taken (Yes, No, Partially)	Planned Corrective Action/Partial Corrective Action Taken	Additional Explanation
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Section I - Compliance and Internal Control Material to the Financial Statements

No reported findings for the year ended June 30, 2007

Section II - Internal Control and Compliance Material to Federal Awards

No reported findings for the year ended June 30, 2007

Section III - Management Letter