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NEW WAY CENTER, INCORPORATED
Monroe, Louisiana

**FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
WITH SUPPLEMENTAL INFORMATION
As of And for The Year Ended June 30, 1997**

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 2-25-98

NEW WAY CENTER, INCORPORATED
Monroe, Louisiana
Financial Statements
and Independent Auditor's Report
As of and for the Year Ended June 30, 1993

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
New Way Center, Incorporated
Monroe, Louisiana

I have audited the accompanying statement of financial position of New Way Center, Incorporated (a nonprofit organization) as of June 30, 1997, and the related statements of activities, cash flows, and functional expenses for the year then ended. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. These standards require that I 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of New Way Center, Incorporated as of June 30, 1997, and the changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

My audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplemental information and schedules are 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 my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

INDEPENDENT AUDITORS REPORT

Page 2

A handwritten signature in cursive script that reads "Louis R. Bradley".

Louis R. Bradley
Certified Public Accountant

Monroe, Louisiana
October 20, 1997

FINANCIAL STATEMENTS

NEW WAY CENTER, INCORPORATED
Statement of Financial Position
June 30, 1987

Assets

Cash and cash equivalents	\$ 4,273
Grant receivable	18,263
Property, plant, and equipment	<u>70,001</u>
Total Assets	<u>\$92,537</u>

Liabilities and Net Assets**Liabilities:**

Accrued Liabilities	<u>22,536</u>
Total Liabilities	<u>22,536</u>

Net Assets:

Unrestricted:	
Operating	-
Investment in fixed assets	<u>70,001</u>
Total unrestricted	<u>70,001</u>
Temporarily restricted	<u>-</u>
Total net assets	<u>70,001</u>
Total liabilities and net assets	<u>\$92,537</u>

See accompanying notes to financial statements.

NEW WAY CENTER, INCORPORATED
 Statement of Activities
 For the Year Ended June 30, 1997

UNRESTRICTED NET ASSETS

Support	
Grants	\$ -
Other support	<u> </u>
TOTAL UNRESTRICTED SUPPORT	<u> </u>

Net assets released from restrictions

Restrictions satisfied by payments	<u>73,813</u>
TOTAL UNRESTRICTED SUPPORT AND RECLASSIFICATION	<u>73,813</u>

Expenses

General and administrative expenses	56,764
Program expenses	<u>26,378</u>
Total expenses	<u>83,142</u>
Change in unrestricted net assets	<u> </u>

TEMPORARILY RESTRICTED NET ASSETS

State Grant	75,815
Other revenue	-
Net assets released from restrictions	<u>(75,815)</u>
Restrictions satisfied by payments	<u> </u>
Change in temporarily restricted net assets	<u> </u>

Net assets as of beginning of year, as related	58,378
Other changes in net assets	<u> </u>
Investment in fixed assets	3,662
Total other changes in net assets	<u>3,662</u>

Net assets as of end of year	<u>\$ 78,001</u>
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See accompanying notes to financial statements.

NEW WAY CENTER, INCORPORATED
 Statement of Cash Flows
 For the Year Ended
 June 30, 1997

Operating activities	<u>All Funds</u>
Change in net assets	\$ -
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Decrease (increase) in accounts receivable	-
Decrease (increase) in prepaid receivable	(2,563)
Increase (decrease) in accounts payable/accrued liabilities	<u>3,000</u>
Total adjustments	<u>(153)</u>
Net cash provided by operating activities	<u>153</u>
Cash and cash equivalents as of beginning of year	<u>4,894</u>
Cash and cash equivalents as of the end of year	<u>\$ 4,741</u>

See accompanying notes to financial statements.

NEW WAY CENTER, INCORPORATED

Statement of Functional Expenses
For the Year Ended
June 30, 1987

	<u>General and Administrative</u>	<u>Program Services</u>	<u>Total Expenses</u>
Personnel Costs			
Salaries and wages	16,316	21,274	37,590
Payroll taxes and other fringe benefits	<u>1,987</u>	<u>1,233</u>	<u>3,220</u>
Total personnel costs	<u>18,303</u>	<u>22,507</u>	<u>40,810</u>
Other expenses			
Advertising, Printing, Publication	-	-	-
Automotive Repairs & Maintenance	817	-	817
Building and Grounds Maintenance	-	-	-
Capital Outlay	1,982	-	1,982
Conferences and Conventions	-	-	-
Equipment Maintenance and Rental	-	-	-
Insurance	4,201	-	4,201
Licenses and Fees	200	-	200
Operating Services	38	2,582	2,620
Postage	-	-	-
Professional Fees	1,200	4,770	5,970
Rent	-	-	-
Supplies	3,860	3,860	7,720
Support Services	-	-	-
Telephone	-	-	-
Travel	158	-	158
Utilities	1,700	-	1,700
	<u>18,451</u>	<u>11,312</u>	<u>29,763</u>
Total other expenses	<u>18,451</u>	<u>11,312</u>	<u>29,763</u>
Total Functional Expenses	<u>36,754</u>	<u>33,819</u>	<u>70,573</u>

See accompanying notes to financial statements.

New Way Center, Incorporated
Monroe, Louisiana

Notes to the Financial Statement
As of and for the Year Ended June 30, 1997

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Nature of Operations

The New Way Center, Incorporated is a private non-profit organization domiciled in the State of Louisiana at Monroe, Louisiana. The Organization is recognized as a tax exempt (non-profit) organization under section 501 (c) (3) of the Internal Revenue Service Code. The Organization is a community based drug-in and referral Center which offers counseling, educational services and a study program. It is supported primarily through a state grant from the Louisiana Department of Health and Hospitals, Office of Alcohol and Drug Abuse. The objectives of the Organization are, primarily, to reduce the annual incidence of drug abuse among youth from 10 to 18 years of age, to enhance the self-image of such youths by reproducing experience directly related to academic achievement, to identify drug users and potential users for referral to appropriate agencies, and to provide limited transportation into the Organization. The Organization is governed by a Board of Directors. The Board Members receive no compensation.

B. Basis of Presentation

Previously, the Organization followed standards of accounting and financial reporting for organizations as described in SOP 78-18, "Accounting Principles and Reporting Practices for Certain Non-Profit Organizations". For the period ending June 30, 1997, the Organization adopted the provisions of Statement of Financial Accounting Standards No. 117, *Financial Statements of Not-for-Profit Organizations* by raising net assets as of June 30, 1997. Statement No. 118 requires the Organization to distinguish between contributions that increase permanently restricted net assets, temporarily restricted net assets, and unrestricted net assets. It also requires recognition of contributions, including contributed services meeting certain criteria, at fair values. Statement No. 117 establishes standards for general purpose external financial statements of not-for-profit organizations and require a statement of financial position, a statement of activities, and a statement of cash flows.

C. Public Support and Revenue

In order to comply with restrictions which donors place on grants and other gifts as well as designations made by its governing board, the principles of reporting net assets are used. Revenue and public support consists mainly of state and private grants, fundraising, and contributions. Grants and other contributions of cash and other assets are reported as permanently restricted or temporarily restricted if they are received with donor restrictions or restrictions designated by the governing board. Contributions are considered to be unrestricted unless restricted by the donor.

D. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of management's estimates. The Organization had no estimates for the period ending June 30, 1997.

E. Cash and Cash Equivalents

The Organization considers all highly liquid investments with a maturity of twelve months or less when purchased to be cash equivalents. Cash and cash equivalents for purposes of the statement of cash flows exclude permanently restricted cash and cash equivalents. Under state law, the agency may deposit funds in demand accounts, interest-bearing accounts, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. The Organization had no cash equivalents during the audit period. On June 30, 1997, New Way Center, Incorporated had cash totaling \$ 4,273 as follows:

Unrestricted	\$ 4,273
Temporarily restricted	-
Total Cash	<u>\$ 4,273</u>

F. Total Columns

Total columns are presented to facilitate financial analysis. Data in these columns do not present financial position or results of operations and changes in net assets in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

2. CHANGES IN ACCOUNTING PRINCIPLES

The Organization adopted the provisions of Statement of Financial Accounting Standards No. 116, *Accounting for Contributions Received and Contributions Made* and No. 117, *Financial Statements of Not-for-Profit Organizations* by restating net assets as of June 30, 1997. Statement No. 116 requires the Organization to distinguish between contributions that increase permanently restricted net assets, temporarily restricted net assets, and unrestricted net assets. It also requires recognition of contributions, including contributed services meeting certain criteria, at fair values. Statement No. 117 establishes standards for general purpose external financial statements of not-for-profit organizations and require a statement of financial position, a statement of activities, and a statement of cash flows. The Organization adopted Statement No. 116 by restating net assets as of June 30, 1997. The adoption of Statement No. 116 did not effect any change in net assets.

3. PENSION PLAN

The Organization does not have a retirement program for its employees and the employees are not members of the State of Louisiana Retirement System. All employees of the Organization are members of the Social Security System. In addition to the employees' contribution of 7.65 percent, the agency contributes an equal amount to the Social Security System. Pension cost for the year was \$2002. The Organization does not guarantee the benefits granted by the Social Security System.

4. FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

5. GRANT RECEIVABLE

At June 30, 1997, the Organization had grant receivables as follows:

Louisiana Department of Health and Hospitals	\$ 18,363
Total	\$ 18,363

6. ACCRUED LIABILITIES

At June 30, 1997, the Organization had accrued liabilities totaling \$ 22,196.

7. BUDGET PRACTICES

The Organization prepares an annual budget which is approved by the Board of Directors prior to being submitted to the granting authority. As a result, "budgeted and actual" comparative statements are presented as supplemental information.

8. PROPERTY, PLANT, AND EQUIPMENT

No depreciation is recorded on assets because the cost of the assets are expensed in the year of acquisition as capital outlay. Assets acquired by gift or bequest are recorded at fair market value at the date of transfer. Assets purchased by the Organization are recorded at cost. The value of the assets are reflected on the statement of financial position at cost as Property, Plant and Equipment under assets, and an equal amount is reflected as Investment in Fixed Assets under net assets. A summary of changes in property, plant and equipment for the year ended June 30, 1997 is as follows:

Beginning 7/1/96	\$ 60,570
Additions	3,982
Deletions	-
Ending 6/30/97	\$ 64,552

- Accounting Services
- Tax Services

LOUIS R. BRADLEY
CREDITED PUBLIC ACCOUNTANT
IA Professional Corporation

- Audit Services
- Computer Consultant

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors of
New Way Center, Incorporated
Monroe, Louisiana

I have audited the financial statements of New Way Center, Incorporated (a nonprofit organization) as of and for the year ended June 30, 1997, and have issued my report thereon dated October 20, 1997.

I conducted my audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. These standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The management of New Way Center, Incorporated is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing my audit of the financial statements of New Way Center, Incorporated for the year ended June 30, 1997, I obtained an understanding of the internal control structure. With respect to the internal control structure, I obtained an understanding of the design and operation of relevant policies and

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

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procedures and whether they have been placed in operation, and I assessed control risk in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, I do not express such an opinion.

My consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities 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. I noted no matters involving the internal control structure and its operation that I consider to be material weaknesses as defined above.

This report is intended for the information of the Board of Directors, Management, and the Louisiana Legislative Auditor. However, this report is a matter of public record, and its distribution is not limited.



Louis R. Bradley
Certified Public Accountant

Monroe, Louisiana
October 20, 1997

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**INDEPENDENT AUDITORS REPORT ON COMPLIANCE BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors
New Way Center, Incorporated
Monroe, Louisiana

I have audited the financial statements of *New Way Center, Incorporated* (a nonprofit organization) as of and for the year ended June 30, 1997, and have issued my report thereon dated October 30, 1997.

I conducted my audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to *New Way Center, Incorporated* is the responsibility of *New Way Center, Incorporated*'s management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, I performed tests of *New Way Center, Incorporated*'s compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of my audit of the financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

This report is intended for the information of the Board of Directors, Management, and the Louisiana Legislative Auditor. However, this report is a matter of public record, and its distribution is not limited.

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

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Louis R. Bradley
Certified Public Accountant

Monroe, Louisiana
October 20, 1997

SUPPLEMENTAL INFORMATION

NEW WAY CENTER, INCORPORATED

Schedule of Activities - Budget to Actual
For the Year Ended June 30, 1997

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
Revenue			
Grants	74,388	73,013	775
Other Income	-	-	-
Total revenue	<u>74,388</u>	<u>73,013</u>	<u>775</u>
Personnel Costs			
Salaries and wages	33,744	35,530	(1,786)
Payroll taxes and other fringe benefits	3,753	4,233	(480)
Total personnel costs	<u>37,497</u>	<u>43,050</u>	<u>(5,553)</u>
Other expenses			
Automotive repairs & maintenance	1,825	817	808
Capital Outlay	4,900	3,982	18
Insurance	4,403	4,201	202
Licenses and fees	100	200	(100)
Operating Services	8,250	8,184	66
Professional Services	10,851	8,370	2,481
Supplies	8,262	5,989	2,273
Travel	400	150	250
Total other expenses	<u>38,891</u>	<u>29,793</u>	<u>7,128</u>
Total expenses	<u>74,388</u>	<u>73,813</u>	<u>775</u>
Change in net assets	<u>-</u>	<u>-</u>	<u>-</u>

See accompanying notes to financial statements.

NEW WAY CENTER, INCORPORATED
Monroe, Louisiana

SCHEDULE OF SUPPLEMENTAL INFORMATION

As of and for the Year Ended June 30, 1997

GENERAL FUND

DRUG AWARENESS/TUTORING

The Drug Awareness-Tutoring Fund (General Fund) accounts for the administration of funds provided by the Louisiana Department of Health and Hospitals, Office of Human Services, Division of Alcohol and Drug Abuse. Revenues are used to provide drug awareness, tutoring, skill development, research, study assistance, creative arts, educational games, cultural activities, recreational games, and direct and indirect supervision.