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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, 1998

This report was prepared for the use of the Board of Directors of the Corporation. A copy of this report has been submitted to the Board of Directors, or reviewed, and other appropriate parties. 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 MAR 10 1999

NEW WAY CENTER, INCORPORATED
Monroe, Louisiana
Financial Statements
and Independent Auditor's Report
As of and for the Year Ended June 30, 1998

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LOUIS R. BRADLEY

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- Tax Services

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INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION SCHEDULES

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, 1998, and the related statements of activities and cash flows 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 and the standards applicable to the financial audits contained in *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. 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, 1998, 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 are 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 AUDITOR'S REPORT

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A handwritten signature in cursive script that reads "Louis R. Bradley". The signature is written in black ink and is positioned above the printed name and title.

Louis R. Bradley
Certified Public Accountant

Monroe, Louisiana
January 18, 1999

FINANCIAL STATEMENTS

NEW WAY CENTER, INCORPORATED
Statement of Financial Position
June 30, 1998

Assets

Cash and cash equivalents	\$ 5,086
Grant receivable	13,916
Property, plant, and equipment	<u>70,561</u>
Total Assets	<u><u>89,563</u></u>

Liabilities and Net Assets

Liabilities:

Accrued Liabilities	<u>19,002</u>
Total liabilities	<u>19,002</u>

Net Assets:

Unrestricted:

Operating	-
Investment in fixed assets	<u>70,561</u>
Total unrestricted	<u>70,561</u>

Temporarily restricted:

Total net assets	<u>70,561</u>
------------------	---------------

Total liabilities and net assets	<u><u>89,563</u></u>
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See accompanying notes to financial statements.

NEW WAY CENTER, INCORPORATED
Statement of Activities
For the Year Ended June 30, 1998

UNRESTRICTED NET ASSETS

Support

Grants	\$ 63,767
Other support	-
TOTAL UNRESTRICTED SUPPORT	<u>63,767</u>

Net assets released from restrictions

Restrictions satisfied by payments	-
TOTAL UNRESTRICTED SUPPORT AND RECLASSIFICATION	<u>63,767</u>

Expenses

Personal Services	31,372
Related Benefits	6,700
Travel	-
Operating Services	3,813
Supplies	5,894
Professional Services	14,115
Capital Outlay	1,873
Total expenses	<u>63,767</u>

Change in unrestricted net assets

0

TEMPORARILY RESTRICTED NET ASSETS

State Grant	-
Other revenue	-
Net assets released from restrictions	-
Restrictions satisfied by payments	-

Change in temporarily restricted net assets

-

Net assets as of beginning of year, as restated

-

Other changes in net assets

Investment in fixed assets	-
Total other changes in net assets	<u>-</u>

Net assets as of end of year

\$ 0

NEW WAY CENTER, INCORPORATED
Statement of Cash Flows
For the Year Ended
June 30, 1998

Operating activities		\$ -
Change in net assets		-
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Decrease (increase) in accounts receivable	4,348	
Decrease (increase) in grants receivable	-	
Increase (decrease) in accounts payable	(3,535)	
Total adjustments	<u>813</u>	
Net cash provided by operating activities	<u>813</u>	
Net cash used in financing	<u>-</u>	
Net increase (decreased) in cash	<u>-</u>	
Cash and cash equivalents as of beginning of year	<u>4,273</u>	
Cash and cash equivalents as of the end of year	<u><u>\$ 5,086</u></u>	

See accompanying notes to financial statements.

NEW WAY CENTER, INCORPORATED

Statement of Functional Expenses
For the Year Ended
June 30, 1998

Salaries and wages	31,372
Payroll taxes and other fringe benefits	2,400
Total personnel costs	<u>33,772</u>
Other expenses	
Contractual Labor	14,115
Federal Tax Expense	4,300
Telephone	22
Utilities	2,700
Licenses and Fees	600
Conference/Workshops	350
Food	1,736
Office Supplies	998
Capital Outlay	1,873
Automotive Supplies	2,638
Recreational Supplies	522
Miscellaneous Expense	87
Other Expenses	54
Total other expenses	<u>29,995</u>
Total Functional Expenses	<u><u>63,767</u></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, 1998**

1. 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 drop-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 each enrollee 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 78-10, "Accounting Principles and Reporting Practices for Certain Non-Profit Organizations". For the period ending June 30, 1998, the Organization adopted the provisions of Statement of Financial Accounting Standards No. 117, *Financial Statements of Not-for-Profit Organizations*. Statement No. 117 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, 1998.

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, 1998, New Way Center, Incorporated had cash totaling \$ 5,086 as follows:

Unrestricted	\$ 5,086
Temporarily restricted	-
Total Cash	<u>\$ 5,086</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. 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 \$3032. The Organization does not guarantee the benefits granted by the Social Security System.

3. 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.

4. GRANT RECEIVABLE

At June 30, 1998, the Organization had grant receivables as follows:

Louisiana Department of Health and Hospitals	\$ 13,916
Total	\$ 13,916

5. ACCRUED LIABILITIES

At June 30, 1998, the Organization had accrued liabilities totaling \$ 19,002.

6. **BUDGET PRACTICES**

The Organization prepares an annual budget which is approved by the Board of Directors prior to being submitted to the granting authority. Budgeted amounts are maintained by the Fiscal Officer to ensure the budget is not exceeded.

7. **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, 1998 is as follows:

Beginning 7/1/96	\$ 66,579
Additions	3,982
Deletions	-
Ending 6/30/97	<u>\$ 70,561</u>

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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 of
New Way Center, Incorporated
Monroe, Louisiana

I have audited the statement of financial position of New Way Center, Incorporated and the related statements of activities, and functional expenses as of and for the year ended June 30, 1998, and have issued my report thereon dated January 25, 1999. I conducted My 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 New Way Center, Incorporated's financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed one instances of noncompliance that is required to be reported under *Government Auditing Standards*, and is identified in the schedule of finding and questioned costs as 98-1.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered New Way Center, Incorporated's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, I noted no matters involving the internal control over financial reporting and its operation that I consider to be reportable conditions. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgment, could adversely affect New Way Center, Incorporated's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements.

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

Page 2

The reportable condition is identified in the schedule of Finding and questioned costs as 98-1.

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. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses.

This report is intended for the information of the Legislative auditor, the Louisiana Department of Human Service and Management. However, this report is a matter of public record and its distribution is not limited.



Louis R. Bradley
Certified Public Accountant

January 25, 1999
Monroe, Louisiana

NEW WAY CENTER, INCORPORATED
Monroe, Louisiana

SCHEDULE OF SUPPLEMENTAL INFORMATION

As of and for the Year Ended June 30, 1998

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 constant supervision.

**NEW WAY CENTER, INCORPORATED
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 1998**

A. SUMMARY OF AUDITOR'S RESULTS

1. An unqualified opinion was issued on the financial statements.
2. No reportable condition in internal controls was disclosed by the audit of the financial statements.
3. The audit disclosed a noncompliance which is not material to the financial statements.
4. No reportable condition in internal controls over a major program was disclosed by the audit. There were no major programs.
5. No Circular A-133 reports were issued.
6. The audit disclosed no audit finding which are required to be disclosed under OMB Circular A-133.
7. There was no major program audit.
8. New Way Center, Incorporated was not classified as to audit risk in the context of OMB Circular A-133.

B. FINDINGS RELATING TO THE FINANCIAL STATEMENTS WHICH ARE REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS.

FINDING: Number 98-01

AUDIT SERVICES

Louisiana Revised Statue 24:513 require that quasi-public and other non-profit organizations that receive State of Federal assistance obtain audit services and submit a report within six (6) months from the end of the fiscal year. The audit engagement was not completed prior to the December 31, 1998 deadline and was not submitted by the auditor until after the above mentioned date, due to a delay in the CPA firm's audit review process.

SCHEDULE OF FINDINGS
AND QUESTIONED COSTS
(Continued)

RECOMMENDATION:

In the future, all reports shall be submitted to the Legislative Auditor's Office within the six (6) months period.

MANAGEMENT RESPONSE:

All future contracts will require a completion date earlier than the 6 months period and a penalty clause if the report is not completed and submitted as required.

C. FINDING AND QUESTIONED COSTS OF FEDERAL AWARDS

Not Applicable.