

**Success Counseling Services – North
dib's Success Inside
Bossier City, Louisiana**

**Financial Statements
June 30, 2003**

**Success Counseling Services - North d/b/a Success Innite
Bossier City, Louisiana**

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**Success Counseling Services - North dallas Success Insite
Bossier City, Louisiana**

**Statement of Activities
for the Year Ended June 30, 2003
(With Comparative Totals for 2002)**

	Unrevised	Temporarily Revised	Permanently Revised	2003 Totals	2002 Totals
Revenue					
Medical	\$ 900,378	\$ -	\$ -	\$ 900,378	\$ 980,312
Office of Mental Health	86,178	-	-	86,178	137,498
Other Revenue	6,642	-	-	6,642	4,263
Total Revenue	<u>1,011,804</u>	-	-	<u>1,011,804</u>	<u>1,048,011</u>
Expenses					
Program Services - Mental Health	785,642	-	-	785,642	915,798
Support Services - Administration	146,248	-	-	146,248	150,408
Total Expenses	<u>944,287</u>	-	-	<u>944,287</u>	<u>1,006,458</u>
Increase in Net Assets	127,517	-	-	127,517	6,958
Net Assets, Beginning of Year	128,088	-	-	128,088	121,128
Net Assets, End of Year	<u>255,595</u>	-	-	<u>255,595</u>	<u>128,088</u>

The accompanying Insite are an integral part of the financial statements.

**Success Counseling Services - North d/b/a Success Inside
Bossier City, Louisiana**

**Statement of Functional Expenses
for the Year Ended June 30, 2003
(With Comparative Totals for 2002)**

	<u>Administration</u>	<u>Mental Health</u>	<u>2003 Totals</u>	<u>2002 Totals</u>
Accounting and Professional Services	\$ 10,222	\$ 45,275	\$ 55,707	\$ 51,877
Bad Debt	5,843	-	5,843	-
Building Rent	10,194	40,858	50,818	50,108
Depreciation	2,085	5,342	10,427	9,709
Equipment Rent	-	-	-	1,830
Insurance	3,754	41,158	44,808	66,171
Interest	-	398	398	523
Office Supplies	-	12,807	12,807	10,838
Postage	-	868	868	778
Repairs and Maintenance	1,208	4,818	6,024	1,873
Salaries, Contract Services and Payroll Taxes	181,844	585,802	670,848	758,159
Travel	4,598	52,298	56,878	80,258
Utilities and Telephone	3,524	12,498	15,822	18,528
Other	711	3,882	4,553	2,788
Total	\$ 440,248	\$ 758,032	\$ 844,267	\$ 1,030,158

The accompanying Notes are an integral part of the financial statements.

**Success Counseling Services - North d/b/a Success Innite
Bossier City, Louisiana**

**Statement of Cash Flows
for the Year Ended June 30, 2003
(With Comparative Totals for 2002)**

Increase (Decrease) in Cash

	<u>2003</u>	<u>2002</u>
Cash Flows from Operating Activities		
Increase in Net Assets	\$ 137,207	\$ 8,698
Adjustments to Reconcile Change in Net Assets to Cash Provided (Used) by Operating Activities		
Depreciation	90,427	9,709
Loss on Sale of Assets	3,555	
(Increase) Decrease in		
Receivables	46,758	(56,558)
Prepaid Expenses	(6,651)	5,693
Increase (Decrease) in		
Accounts Payable	(1,898)	3,203
Assured Payout and Taxes	(1,328)	1,501
Cash Provided (Used) by Operating Activities	<u>190,868</u>	<u>(7,452)</u>
Cash Flows from Investing Activities		
Capital Expenditures	(21,915)	-
Purchases of Certificates of Deposit	(50,808)	-
Cash Used by Investing Activities	<u>(72,723)</u>	<u>-</u>
Cash Flows from Financing Activities		
Payment of Lease Obligation	-	944
Principal Payments on Debt Obligations	(8,117)	7,694
Proceeds From Issuance of Debt	-	13,742
Cash (Used) Provided by Financing Activities	<u>(8,117)</u>	<u>22,380</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>110,028</u>	<u>(2,378)</u>
Cash and Cash Equivalents, Beginning of Year	17,646	20,024
Cash and Cash Equivalents, End of Year	<u>\$ 128,298</u>	<u>\$ 17,646</u>
Supplemental Disclosure of Cash Flow Information		
Cash Paid for Interest	<u>\$ 358</u>	<u>\$ 523</u>

The accompanying Notes are an integral part of the financial statements.

Success Counseling Services - North d/b/a Success Incite
Bossier City, Louisiana

Notes to the Financial Statements
June 30, 2003

Note 1 - Organization and Significant Accounting Policies

Background

Success Counseling Services - North d/b/a Success Incite ("Success") is a not-for-profit human services organization specializing in serving mentally and emotionally challenged young persons in settings sensitive to the clients. Success began operations in July 1995, and service clients in the Louisiana parishes of Calcasieu, Bossier, Natchitoches, Iberville, Claiborne, Bienville, Sabine, Red River and Webster.

Success receives fees for the services provided under vendor contracts with the State of Louisiana Department of Health and Hospitals. During 2003 and 2002, approximately 91% and 85%, respectively, of Success' total revenues were received for mental health services provided to Medicaid eligible clients. Approximately 9% and 13%, respectively, of total revenues were received for mental health services provided under a social services contract with the Office of Mental Health. Success relies upon the funding from these sources for its operations.

Summary of Significant Accounting Policies

The accounting policies of Success conform to generally accepted accounting principles as applicable to voluntary health and welfare organizations. The more significant accounting policies of Success are described below:

Basis of Accounting: Success prepares its financial statements on the accrual basis of accounting. Accordingly, revenues are recognized when earned and expenses are recognized when incurred.

Functional Expenses: Expenses are charged to each program based upon direct expenditures incurred.

Accounts Receivable: Success extends credit to contributing state agencies in the course of performing services in Central and North Louisiana on an unsecured basis. All accounts considered to be uncollectible have been charged to expense in the accompanying financial statements. Accordingly, no allowance is provided.

Net Assets: Under the provisions of Statement of Financial Accounting Standards No. 117, "Financial Statements for Not-For-Profit Organizations", net assets and revenues and contributions, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of Success and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations. Support restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized.

Temporarily restricted net assets - Net assets that are subject to donor-imposed stipulations which may or may not be met either by actions of Success and/or the passage of time. All 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 (i.e., when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Revenues restricted net assets - Net assets that are subject to donor-imposed stipulations requiring that they be maintained permanently by Success. Generally, the donors of these assets permit Success to use all or part of the income earned on related investments for general or specific purposes.

Contributions - All contributions are considered available for unrestricted use unless specifically restricted by the donor.

Federal Income Tax - Success is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Success is exempt from Louisiana income taxes as well.

Cash Equivalents - Success considers all highly liquid investments with a maturity of ninety (90) days or less, when purchased, to be cash equivalents.

Summary of Financial Information for 2002 - The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with Success' financial statements for the year ended June 30, 2002, from which the summarized information was derived.

Property and Equipment - Property and equipment are stated at cost. Success follows the practice of capitalizing expenditures for property and equipment in excess of \$100. Depreciation of property and equipment is computed on a straight-line basis over the estimated useful lives of the assets.

Risks and Uncertainties - 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 reported period. Actual results could differ from those estimates.

Concentration of Credit Risk - Success maintains its cash balances at one financial institution in the service delivery area. The balance with the financial institution is insured by the FDIC up to \$100,000. Success can have exposure from time to time due to cash balances held in excess of the FDIC coverage. The bank in which Success' deposits have exceeded the insured limit has a strong credit rating. It is management's opinion that credit risk related to these deposits is minimal.

Note 2 Equipment - Net

	Balance 6/30/02	Additions	Disposals	Balance 6/30/03
Office Equipment and Computers	\$ 28,715	\$ 21,014	\$ 6,328	\$ 43,399
Leased-in improvements	15,280	-	-	15,280
Total, at cost	43,995	21,014	6,328	58,681
Accumulated Depreciation	(27,081)	(10,427)	(4,884)	(42,392)
Equipment - Net	\$ 16,914	\$ 10,587	\$ 1,444	\$ 16,289

Depreciation charged to operations was \$10,427 and \$6,769 for the years ended 2003 and 2002, respectively.

Note 3 Leases

On September 1, 2001, Success entered into an agreement to lease its office space. The agreement runs from September 1, 2001 for a term of sixty (60) months at a monthly rental of \$4,175. Total lease expense for 2003 and 2002 was \$50,100 and \$50,100, respectively.

Minimum future rental payments under operating leases at June 30, 2003 are:

2004	\$	50,100
2005		50,100
2006		50,100
2007		6,300
Total	\$	<u>156,600</u>

Note 4 Notes Payable

Success entered into the following debt agreements:

		<u>2002</u>
Installment insurance finance note in the amount of \$8,470 dated 5/25/02, payable in 10 monthly payments of \$662, at a rate of 8.0%, unsecured.	\$	7,083
Installment insurance finance note in the amount of \$4,271 dated 1/27/02, payable in 9 monthly payments of \$548, at a rate of 7.75%, unsecured.		<u>504</u>
		8,117
Less: Current Portion	<	<u>8,117</u>
Long-Term Portion	\$	<u>-</u>

Note 5 Related Party Transactions

During the years ended June 30, 2003 and 2002, Success incurred \$81,615 and \$38,882, respectively to one of its directors for professional services. At June 30, 2003 and 2002, Success had a payable to the director for professional services for \$1,030 and \$2,980, respectively.

Note 6 Commitments and Contingencies

Grants require the fulfillment of certain conditions as set forth in grant contracts. Failure to fulfill the conditions as set forth in the grant contracts could result in the return of grant funds to the grantor.

Success has an unsecured line of credit with Hibernia National Bank in the amount of \$40,000 at a rate of 8.0%. There were no amounts drawn on the line of credit at June 30, 2003.

Note 7 Retirement Plan

Effective March 17, 2001, Success adopted a tax deferred retirement program for all qualified employees under section 402(a) of the Internal Revenue Code. The plan is available to all employees effective upon hire date. The employer made no contributions to the plan for the years ended June 30, 2003 and 2002.

Independent Auditor's Report

To the Board of Directors of
Success Counseling Services - North d'Arbonne Success Innis
Bossier City, Louisiana

We have audited the accompanying statement of financial position of Success Counseling Services - North d'Arbonne Success Innis (a nonprofit organization) as of June 30, 2003, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of Success Counseling Services - North d'Arbonne Success Innis'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 and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. These 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 Success Counseling Services - North d'Arbonne Success Innis as of June 30, 2003, and the changes in its net assets 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 our report dated October 7, 2003 on our consideration of Success Counseling Services - North d'Arbonne Success Innis's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

ROBERTS, CHERRY AND COMPANY

ROBERTS, CHERRY AND COMPANY

A Corporation of
Certified Public Accountants
Bossierport, Louisiana
October 7, 2003

**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
Success Counseling Services - North of the Success Inn
Bossier City, Louisiana

We have audited the financial statements of Success Counseling Services - North of the Success Inn (a nonprofit organization) as of and for the year ended June 30, 2003, and have issued our report thereon dated October 7, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Success Counseling Services - North of the Success Inn's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Success Counseling Services - North of the Success Inn'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 the 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.

This report is intended solely for the information and use of management, others within Success and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties. Under Louisiana Revised Statute 24:543, this report is distributed by the Legislative Auditor as a public document.

ROBERTS, CHERY AND COMPANY

ROBERTS, CHERY AND COMPANY

A Corporation of
Certified Public Accountants
Shreveport, Louisiana
October 7, 2003

**Success Counseling Services – North d/b/a Success Inside
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2003**

We have audited the financial statements of Success Counseling Services – North d/b/a Success Inside as of and for the year ended June 30, 2003, and have issued our report thereon dated October 7, 2003. We conducted our audits in accordance with auditing standards generally accepted in the United States of America 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, 2003 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: Not Applicable

b. Federal Awards – Not Applicable

c. Identification of Major Programs – Not Applicable

Section II Financial Statement Findings

None

Questioned Costs: \$0

Section III Federal Award Findings and Questioned Costs

Not Applicable

**Success Counseling Services – North dila Success Innite
Bossier City, Louisiana**

**Schedule of Prior Year Findings
For the Year Ended June 30, 2023**

Section I – Internal Controls and Compliance Material to the Financial Statements

<u>Reference</u>	<u>Description and Recommendation</u>	<u>Resolution of State</u>
2000-1	Rejected billings Not Timely Re-Billed – We noted one instance of a rejected Medicaid claim that was not re-billed on a timely basis because the client does not review the accounts receivable subsidiary ledger nor reconcile it to the general ledger on a monthly basis.	Resolved

Section II – Internal Controls and Compliance Material to Federal Awards

Not Applicable

Section III – Management's Response

Not Applicable