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REPORT
REALIZATION INCORPORATED
JUNE 30, 1987

Under provisions of state law, this report is a public document. A copy of the report has been distributed to the Auditor, the Attorney General, and the Department of Public Safety. The report is available for public inspection at the Custom House office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date **NOV 26 1987**

REALIZATION INCORPORATED

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BOGGAN & MAHER, L.L.P.

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INDEPENDENT AUDITOR'S REPORT

*DIUPLANTIER, HRAUFMANN,
BOGGAN & MAHER, L.L.P.*
CPA
By: *[Signature]*

August 20, 1997

Board of Directors
Realization Incorporated
1210 Franklin Avenue
New Orleans, Louisiana 70117

We have audited the accompanying statement of financial position of Realization Incorporated's grant agreement with the State of Louisiana, Governor's Office of Urban Affairs and Development as of June 30, 1997 and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of Realization Incorporated's management. Our responsibility is to express an opinion on these financial statements of the grant agreement based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Government Auditing Standards, issued by the Comptroller General of the United States and the provisions of Office of Management and Budget Circular A-110. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements of the grant agreement are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements of the grant agreement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements of the grant agreement. We believe that our audit provides a reasonable basis for our opinion.

These financial statements present only the grant agreement activity between the State of Louisiana, Governor's Office of Urban Affairs and Development and Realization Incorporated and are not intended to present fairly the financial position and results of operations of Realization Incorporated's entire operation.

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of Realization Incorporated's grant agreement with the State of Louisiana, Governor's Office of Urban Affairs and Development for the year ended June 30, 1997, and its changes in net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the financial statements of the grant agreement between the State of Louisiana, Governor's Office of Urban Affairs and Development and Realization Incorporated. The accompanying supplementary information on pages 8 and 9 is presented for purposes of additional analysis and is not a required part of the financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

In accordance with Government Auditing Standards, we have also issued a report dated August 20, 1997 on our consideration of Realization Incorporated's internal control structure and a report dated August 20, 1997 on its compliance with laws and regulations.

As described in Notes 3 and 4 to the financial statements, the organization changed its method of financial statement presentation in 1997.

This report is intended solely for the information and use of the Board of Directors and management of Realization Incorporated, the Legislative Auditor and the Governor's Office of Urban Affairs and Development and should not be used for any other purpose.

Daphne M. Chapman, Suzanne E. Maden, L.L.P.

REALIZATION INCORPORATED
STATEMENT OF FINANCIAL POSITION
JUNE 30, 1982

ASSETS

Cash - restricted		\$ 2,788
Prepaid insurance		2,859
		\$ 5,647
TOTAL ASSETS		\$ 5,647

LIABILITIES AND NET ASSETS

LIABILITIES:

Accounts payable		\$ 1,788
Due to State of Louisiana, Governor's Office of Urban Affairs and Development (Note 6)		1,859
		3,647
Total liabilities		3,647

NET ASSETS:

Temporarily restricted		2,859
		2,859
TOTAL LIABILITIES AND NET ASSETS		\$ 5,647

See accompanying notes.

REALIZATION INCORPORATED
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 1997

UNRESTRICTED NET ASSETS:

Net assets released from restrictions: (Note 2)	
Satisfaction of program requirements	\$ 17,737
Total net assets released from restrictions	<u>17,737</u>
Expenses: (Note 1)	
Program services (Page 8)	9,843
Supporting services:	
Administrative (Page 8)	<u>12,894</u>
Total expenses unrestricted net assets	<u>22,737</u>
Increase in unrestricted net assets	<u> 0</u>
TEMPORARILY RESTRICTED NET ASSETS:	
Grants (Note 5)	18,958
Net assets released from restrictions (Note 2)	<u>12,737</u>
Increase in temporarily restricted net assets	<u>3,221</u>
INCREASE IN NET ASSETS	3,221
Net assets at Beginning of year	<u>1,677</u>
NET ASSETS AT END OF YEAR	\$ <u>4,898</u>

See accompanying notes.

REALIZATION INCORPORATED
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 1987

CASH FLOWS FROM OPERATING ACTIVITIES:

Increase in net assets	\$ 1,227
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Increase in prepaid insurance	(1,392)
Decrease in due to State of Louisiana Governor's Office of Urban Affairs and Development	(586)
Increase in accounts payable	<u>1,385</u>
Net cash provided by operating activities	<u>510</u>
Net increase in cash	510
Beginning cash	<u>1,857</u>
ENDING CASH	\$ <u>2,367</u>

See accompanying notes.

REALIZATION INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 1992

ORGANIZATION:

Realization Incorporated was formed on January 10, 1975 to promote and effectuate the planning and delivery of social service programs including and incidental to services for the aged, hearing, day care, adult education, pre-retirement assistance and research, employment and education in the city of New Orleans. As discussed in Note 1, these financial statements reflect only the grant agreement with the State of Louisiana, Governor's Office of Urban Affairs and Development.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Scope:

These financial statements do not reflect the total activities of Realization Incorporated. These financial statements reflect only the grant agreement between Realization Incorporated and the State of Louisiana, Governor's Office of Urban Affairs and Development.

Basis of Accounting and Presentation:

The financial statements are prepared on the accrual basis of accounting. Accordingly, revenues is recorded when earned and expenses are recorded when incurred.

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards No. 117, *Financial Statements for Not-for-Profit Organizations*.

The statement of activities presents expenses of the organization's operations functionally between program services and administrative services based on specific identification and contract labor.

Statement of Cash Flows:

As required by generally accepted accounting principles the financial statements include a statement of cash flows showing cash provided and used by operating, investment, and financing activities.

For purposes of implementing the cash flow statement, the organization has defined cash equivalents as those amounts included in the statement of financial position caption "Cash."

Income Taxes:

The organization has been determined to be tax exempt under Section 501(c)(3) of the Internal Revenue Code.

REALIZATION INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 1992

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Property and Equipment:

There is no property and equipment purchased using these funds.

2. NET ASSETS RELEASED FROM RESTRICTIONS:

Net assets are released from temporary donor restrictions by incurring expenses satisfying the restricted purpose.

3. MANAGEMENT'S ESTIMATES AND ASSUMPTIONS:

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; however, management does not think that these differences will have a material adverse effect on its financial statements.

4. CHANGE IN ACCOUNTING PRINCIPLES:

In 1989, the organization elected to adopt Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements for Not-for-Profit Organizations. Under SFAS No. 117, the organization 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. In addition, the organization is required to present a statement of cash flows. This reclassification had no effect on the change in net assets for 1989.

5. GRANT REVENUE:

The organization receives grant revenue from the State of Louisiana, Governor's Office of Urban Affairs and Development to perform services for the elderly. Total grant revenue for 1992 amounted to \$18,966.

Any amounts not expended are required to be returned to the State of Louisiana Governor's Office of Urban Affairs and Development. As of June 30, 1992, the organization recorded a liability in the amount of \$1,041 to the State of Louisiana, Governor's Office of Urban Affairs and Development.

REALIZATION INCORPORATED
SUPPLEMENTARY INFORMATION
SCHEDULE OF FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 1993

GRANTOR	PROGRAM DESCRIPTION	CONTRACT PERIOD	REVENUE
State of Louisiana- Governor's Office of Urban Affairs and Development.	To provide various services to the elderly	07/91 - 06/93	\$18,458

REALIZATION INCORPORATED
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNCTIONAL EXPENSES
 FOR THE YEAR ENDED JUNE 30, 1992

	PROGRAM	ADMINISTRATIVE	TOTAL ALL FUNCTIONAL CATEGORIES
EXPENSES: (Note 3)			
Audit	\$ 1,500	\$ --	\$ 1,500
Insurance - building	--	9,461	9,461
Contract labor	3,326	2,990	6,316
Supplies	42	--	42
Telephone	183	183	366
Utilities	<u>172</u>	<u>172</u>	<u>344</u>
TOTAL FUNCTIONAL EXPENSES	\$ <u>5,023</u>	\$ <u>12,804</u>	\$ <u>17,827</u>

See accompanying notes.

REALIZATION INCORPORATED
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE
BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
FOR THE YEAR ENDED JUNE 30, 1997

August 20, 1997

Board of Directors
Realization Incorporated
3210 Franklin Avenue
New Orleans, Louisiana 70017

We have audited the financial statements of Realization Incorporated's grant agreement with the State of Louisiana, Governor's Office of Urban Affairs and Development as of and for the year ended June 30, 1997 and have issued our report thereon dated August 20, 1997.

We conducted our 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 we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The management of Realization 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 statements in accordance with generally accepted accounting principles. Because of inherent limitations in any 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 our audit of the financial statements of Realization Incorporated's grant agreement with the State of Louisiana, Governor's Office of Urban Affairs and Development as of and for the year ended June 30, 1997, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

Our 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 reportable condition in which the design or operation of the specific 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. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

This report is intended for the information of Realization Incorporated's Board of Directors, management, the Legislative Auditor and the State of Louisiana, Governor's Office of Urban Affairs and Development.

Douglas J. Chapman, Hogan & Mader, L.L.P.

REALIZATION INCORPORATED
 INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
 BASED ON AN AUDIT OF FINANCIAL STATEMENTS
 PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
 FOR THE YEAR ENDED JUNE 30, 1997

August 20, 1997

Board of Directors
 Realization Incorporated
 1210 Franklin Ave.
 New Orleans, Louisiana 70117

We have audited the financial statements of Realization Incorporated's grant agreement with the State of Louisiana, Governor's Office of Urban Affairs and Development as of and for the year ended June 30, 1997 and have issued our report thereon dated August 20, 1997.

We conducted our 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 we 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 Realization Incorporated is the responsibility of management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of Realization Incorporated's compliance with certain provisions of laws, regulations, contracts and grants. However, our objective was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported herein under Government Auditing Standards.

This report is intended for the information of Realization Incorporated's Board of Directors, management, the Legislative Auditor and the State of Louisiana, Governor's Office of Urban Affairs and Development.

Deplanche, Hampman, Hogan & Madsen LLP