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HELLIE BYRNS TRAINING CENTER, INC.

**FINANCIAL STATEMENTS AND
SUPPLEMENTAL INFORMATION**

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 5/11/98

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Mellie Byers Training Center, Inc.
Bogalusa, Louisiana

We have audited the accompanying statements of financial position of Mellie Byers Training Center, Inc. (a Louisiana corporation, not-for-profit) as of June 30, 1997, and the related statements of activities, functional expenses, changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the Center's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the Center as June 30, 1996, were audited by another auditor whose opinion dated December 28, 1996, on those statements was qualified.

We conducted our audit in accordance with generally accepted auditing standards, and the standards for financial audits contained in *International Auditing Standards*, issued by the Commission 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 accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements 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 Mellie Byers Training Center, Inc. as of June 30, 1997, and the results of its operations and its cash flows for the year then ended, in conformity with generally accepted accounting principles.

In accordance with *International Auditing Standards*, we have also issued a report dated December 9, 1997, on our examination of Mellie Byers Training Center, Inc. taken as a whole.

Our audit was made for the purpose of forming an opinion on the basic financial statements of Mellie Byers Training Center, Inc. taken as a whole. The accompanying schedule of state financial assistance is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The information in that 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 9, 1997

SKARDA & SILVA, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

NELLIE EYERS TRAINING CENTER, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 1987

ASSETS

Current Assets	
Cash and cash equivalents	\$107,618
Receivables	
Dues	33,829
Other	3,730
Prepaid expenses	<u>2,662</u>
Total current assets	278,109
Property and Equipment	
Landhold improvements	30,649
Vehicles	80,287
Furniture and equipment	<u>43,863</u>
	154,809
Less accumulated depreciation	<u>73,811</u>
	81,000
Land	<u>18,000</u>
	<u>99,000</u>
	<u>\$315,118</u>

LIABILITIES AND NET ASSETS

Current Liabilities	
Accounts payable	<u>\$ 1,885</u>
Total current liabilities	1,885
	NET ASSETS
Net Assets, as retained (Unrestricted)	<u>117,345</u>
	<u>117,345</u>
	<u>119,230</u>

The accompanying notes are an integral part of this statement.

NELLE BEYER TRAINING CENTER, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 1997

Revenues and Other Support	
Government grants and contracts	\$ 179,770
Program services	18,899
Private providers	5,250
State of services	79,800
Donations	18,240
United Way allocation/contribution	2,070
Fundraising	1,490
Other	8,497
Gain/(loss) on disposition of assets	<u>15,474</u>
Total revenues and other support	361,490
Expenses	
Program services	281,894
Supporting services	<u>15,447</u>
Total expenses	<u>(297,341)</u>
Change in net assets	<u>\$ 64,149</u>

The accompanying notes are an integral part of this statement.

KILLIE HYERS TRAINING CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 1997

	<u>Program Services</u>		<u>Supporting Services</u>	
	<u>Adult</u>	<u>Work</u>	<u>General and</u>	
	<u>Habitat</u>	<u>Ability</u>	<u>Administrative</u>	<u>Total</u>
Salaries	\$ 87,133	\$ 46,108	\$ 20,889	\$ 144,547
Payroll tax expense	8,593	1,074	1,074	9,531
Workers' compensation insurance	3,366	3,808	567	8,511
Miscellaneous	493	3,670	-	4,124
Utilities	5,861	1,187	1,953	8,991
Insurance	12,890	604	-	13,544
Garbage fee	-	-	1,133	1,133
Contract labor	-	41,629	-	41,629
Office expense	1,207	1,960	-	3,211
Lunch program	-	3,808	-	3,808
Fuel	6,477	-	-	6,477
Psychologicals	345	-	-	345
Professional fees	4,300	-	-	4,300
Miscellaneous	1,076	573	-	1,649
Gift shop cost	-	1,488	-	1,488
Coffee and drinks	-	586	-	586
Depreciation	10,486	2,623	-	13,109
Supplies	-	15,664	-	15,664
Ground maintenance	-	5,383	-	5,383
	<u>\$ 143,556</u>	<u>\$ 119,946</u>	<u>\$ 19,447</u>	<u>\$ 282,949</u>

The accompanying notes are an integral part of this statement.

**MELLIE BYERS TRAINING CENTER, INC.
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 1997**

Net assets - beginning of year	\$ 248,927
Increase (decrease) in net assets	<u>68,218</u>
Net assets - end of year	<u>\$ 317,145</u>

The accompanying notes are an integral part of this statement.

RELLIE BYERS TRAINING CENTER, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 1997

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	\$ 83,635
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	11,188
(Gain) loss on sale of property and equipment	(64,589)
(Increase) decrease in operating assets	
Grants receivable	11,783
Other receivables	(1,056)
Prepaid expenses	684
Increase (decrease) in operating liabilities	
Accounts payable	<u>780</u>
Net cash provided by (used in) operating activities	80,719
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of property and equipment	(10,781)
Proceeds from sale of property and equipment	<u>80,880</u>
Net cash provided by (used in) investing activities	69,219
CASH FLOWS FROM FINANCING ACTIVITIES:	
Net increase (decrease) in cash and cash equivalents	79,888
Cash and cash equivalents - beginning of year	<u>157,680</u>
Cash and cash equivalents - end of year	<u>\$ 237,568</u>

The accompanying notes are an integral part of this statement.

**MELLIE BYERS TRAINING CENTER, INC.
NOTES TO FINANCIAL STATEMENTS**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Notes of Organization

Mellie Byers Training Center, Inc. (the "Center") was incorporated on July 1, 1975. The Center provides work training services and residential housing for retarded citizens of Bogalusa, Louisiana.

Donated Assets and Services

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

The Center accepts donated services, if significant in amount, that create or enhance non-financial assets or that require specialized skills, 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 nature and/or terms 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 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.

Functional Expense Allocation

Functional expenses are allocated among the 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 considers all unrestricted highly liquid debt instruments purchased with an initial maturity of three months or less to be cash equivalents.

Use of Estimates in the Preparation of Financial Statements

The preparation of the Center's financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect reported amounts of assets and liabilities as of June 30, 1997. Adjustments to the reported amounts of assets and liabilities may be necessary in the future to the extent that future estimates or actual results are different from the estimates used in 1997 financial statements.

HELLIE BYERS TRAINING CENTER, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Statement Presentation

In 1997, 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, temporarily restricted, and permanently restricted. In addition, the Center is required to present a statement of cash flows. As required by the new statement, the Center has discontinued their use of fund accounting and have, accordingly, restated their financial statements to present net assets. This restatements had no effect on the change in net assets for 1997.

Certifications

The Center also adopted SFAS No. 116, "Accounting for Contributions Received and Contributions Made" in 1997. In accordance with SFAS No. 116 contributions received are recorded as unrestricted, temporarily restricted, and permanently restricted support depending on the existence and/or nature of any donor restrictions. The Center's contributions received are considered unrestricted in nature. A cumulative effect adjustment of net assets as of June 30, 1996, is not required.

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

The Center has concentrated its credit risk for cash by maintaining deposits in several financial institutions located in Dugliss, Louisiana which are at times in excess amounts covered by insurance provided by the Federal Deposit Insurance Corporation (FDIC). The Center's cash balances were not in excess of the FDIC insurance. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk to cash.

NOTE C - FAIR VALUES OF FINANCIAL INSTRUMENTS

The Center's financial statements was comprised primarily of cash and 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 these investments.

Grants receivable - the carrying amount approximates fair value because of the short maturities of the instrument.

**NELLE BYERS TRAINING CENTER, INC.
NOTES TO FINANCIAL STATEMENTS**

NOTE D - PROGRAM GRANTS

The Center was organized to promote the general welfare of the mentally retarded, to foster the development of programs in their behalf, to advise and aid parents in the solution of mentally retarded problems, and to coordinate their efforts and activities. To help meet these objectives, the Center maintains and operates a training facility for parents with mental retardation.

A substantial portion of the Center's support and revenue is derived from restricted grants for the various programs conducted. The grants are approved on a year-to-year basis and generally apply for the period July 1 through June 30. Any unexpended grant funds, or unaccounted expenditures charged against the programs, must be refunded.

NOTE E - UNITED WAY ALLOCATION/DEDUPLICATION

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/deduction to the Center for the year ended June 30, 1997, was \$2,736.

NOTE F - FUND RAISING REVENUES

Fund raising revenues are presented at gross, with related expenses separately in the accompanying financial statements. Net fund raising income for the period ended June 30, 1997, was \$1,681.

NOTE G - THIRD PARTY REVENUES

A substantial share of contract revenues for services to clients is derived under state third-party reimbursement programs. These revenues are based, in part, on cost reimbursement principles and are subject to audit and retroactive adjustments by the respective third-party provider. Retroactive adjustments, if any, would not be material to financial position or results of operations of the Center.

OTHER INDEPENDENT AUDITORS' REPORTS

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL STRUCTURE BASED
ON Audit OF BASIC FINANCIAL STATEMENT PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited the financial statements of Nellie Byers Training Center, Inc. as of and for the year ended June 30, 1997, and have issued our report thereon dated December 5, 1997.

We conducted our audit in accordance with generally accepted auditing standards and 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.

The management of Nellie Byers Training Center, Inc. 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 objective of an internal control structure is to provide management with reasonable, but not absolute, assurance that the assets are safeguarded against loss from unauthorized use or disposition, and that transactions are recorded 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 our audit of the financial statements of Nellie Byers Training Center, Inc. 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 internal policies and procedures and whether they have been placed in operation, and we assessed control risks 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 identification 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 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 found no matters involving the internal control structure and its operations that we consider to be material weaknesses, as defined above.

This report is intended for the information of the board of directors, management, the State of Louisiana Department of Health and Hospitals, the United Way, and the Louisiana Legislative Auditor. This restriction is not intended to limit the distribution of this report, which is a matter of public record.


December 9, 1991

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

Board of Directors
Hollis Byers Training Center, Inc.
Bogalusa, Louisiana

We have audited the financial statements of Hollis Byers Training Center, Inc. as of and for the year ended June 30, 1997, and have issued our report thereon dated December 9, 1997.

We conducted our audit in accordance with generally accepted auditing standards and 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.

Compliance with laws, regulations, contracts, and grants applicable to Hollis Byers Training Center, Inc. is the responsibility of the management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of Hollis Byers Training Center, Inc.'s compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the financial statements 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 the board of directors, management, the State of Louisiana Department of Health and Hospitals, the United Way and the Louisiana Legislative Auditor. This restriction is not intended to limit the distribution of this report, which is a matter of public record.


December 9, 1997