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*Financial Report*  
*Strive Incorporated*  
*June 30, 1999*

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Release Date OCT 13 1999

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### Strive Incorporated

June 30, 1999

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**FINANCIAL SECTION**



Bourgeois Bennett

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors,  
Strive Incorporated,  
New Orleans, Louisiana.

We have audited the accompanying statement of financial position of Strive Incorporated, as of June 30, 1999, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those 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 Strive Incorporated as of June 30, 1999, and the changes in its net assets and its cash flows for the year then ended, in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated August 20, 1999 on our consideration of the Organization's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

*Bourgeois Bennett, L.L.C.*

Certified Public Accountants.

New Orleans, La.,  
August 20, 1999.

**STATEMENT OF FINANCIAL POSITION****Strive Incorporated**

June 30, 1999

**ASSETS**

Cash and cash equivalents	\$ 306,562
Accounts and notes receivable	133,058
Inventory	10,188
Prepaid expenses and other	22,536
Investments	537,000
Property and equipment, net of depreciation	600,771
Funds held by Greater New Orleans Foundation	<u>119,380</u>
 Total assets	 <u>\$ 1,729,495</u>

**LIABILITIES AND NET ASSETS****Liabilities**

Accounts payable	\$ 8,512
Accrued salaries and leave	46,895
Other liabilities	<u>500</u>
 Total liabilities	 <u>55,907</u>

**Net Assets**

Unrestricted	1,539,762
Temporarily restricted	<u>133,826</u>
 Total net assets	 <u>1,673,588</u>
 Total liabilities and net assets	 <u>\$ 1,729,495</u>

See notes to financial statements.

**STATEMENT OF ACTIVITIES****Strive Incorporated**

June 30, 1999

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Revenues and Other Support</b>			
Contracts for services - Miller Manor	\$ 295,954		\$ 295,954
Contracts for services - Project Strive	596,478		596,478
Contributions	3,816	\$ 300	4,116
Interest	11,782		11,782
Transportation	5,973		5,973
Dues	2,910		2,910
Workshop income	31,487		31,487
Fundraising events	25,745		25,745
Other	30,040		30,040
Investment income including realized and unrealized gains on funds held by Greater New Orleans Foundation		7,408	7,408
<b>Total revenues and other support</b>	<u>1,004,185</u>	<u>7,708</u>	<u>1,011,893</u>
<b>Net Assets Released From Restrictions</b>			
Program restrictions satisfied by payments	<u>1,426</u>	<u>(1,426)</u>	<u>-</u>
<b>Total revenues, support and net assets released from restrictions</b>	<u>1,005,611</u>	<u>6,282</u>	<u>1,011,893</u>
<b>Expenses</b>			
Program services:			
Miller Manor	316,209		316,209
Project Strive	640,618		640,618
Miller Center	19,695		19,695
Management and general	3,401		3,401
Fundraising	6,225		6,225
<b>Total expenses</b>	<u>986,148</u>		<u>986,148</u>
<b>Increase in Net Assets</b>	19,463	6,282	25,745
<b>Net Assets</b>			
Beginning of year	<u>1,520,299</u>	<u>127,544</u>	<u>1,647,843</u>
End of year	<u>\$ 1,539,762</u>	<u>\$ 133,826</u>	<u>\$ 1,673,588</u>

See notes to financial statements.

**STATEMENT OF FUNCTIONAL EXPENSES**

**Strive Incorporated**

For the year ended June 30, 1999

	Program Services			Support Services		Total
	Community Housing - (Miller Manor)	Daycare And Workshop - (Project Strive)	Social Activities - (Miller Center)	Management And General	Fundraising	
Salaries	\$ 145,839	\$ 417,434	\$ 1,627			\$ 564,900
Payroll taxes	11,302	31,832	123			43,257
Administrative supplies	3,357	11,958	2	\$ 1,909		17,226
Allowance for clients	2,698					2,698
Bed tax expense	21,435					21,435
Insurance	17,232	44,661	5,246			67,139
Maintenance and repairs	6,723	17,074	815			24,612
Meals	11,172	64		248		11,484
Other expenses	4,278	16,099	876	1,244	\$ 6,225	28,722
Professional fees and contract services	15,075	12,881				27,956
Project costs	6,252	2,215				8,467
Staff training	855	2,594				3,449
Transportation	2,905	30,519				33,424
Travel	574	3,433				4,007
Utilities and telephone	7,002	16,414	3,490			26,906
Workshop expense	43,200					43,200
Total expenses before depreciation	299,899	607,178	12,179	3,401	6,225	928,882
Depreciation of property and equipment	16,310	33,440	7,516			57,266
Total expenses	\$ 316,209	\$ 640,618	\$ 19,695	\$ 3,401	\$ 6,225	\$ 986,148

See notes to financial statements.



**STATEMENT OF CASH FLOWS****Strive Incorporated**

For the year ended June 30, 1999

**Cash Flows From Operating Activities**

Increase in net assets	\$ 25,745
Adjustments to reconcile net assets to net cash provided by by operating activities:	
Depreciation	57,266
Income reinvested at Greater New Orleans Foundation	(3,196)
Decrease in accounts and note receivable	18,235
Decrease in inventory	4,030
Increase in prepaid expenses	(15,052)
Increase in accounts payable and accrued liabilities	1,169
	<hr/>
Net cash provided by operating activities	88,197

**Cash Flows From Investing Activities**

Purchases of property and equipment	(19,756)
Proceeds from investment maturities	377,825
Purchases of investment securities	(537,000)
	<hr/>
Net cash used in investing activities	(178,931)

**Net Decrease In Cash and Cash Equivalents**

(90,734)

**Cash and Cash Equivalents**

Beginning of year	397,296
End of year	<hr/> \$ 306,562

See notes to financial statements.

**NOTES TO FINANCIAL STATEMENTS****Strive Incorporated**

June 30, 1999

**Note 1 - NATURE OF ACTIVITIES**

Strive Incorporated (Strive), formerly Sophie L. Gumbel Guild, is a voluntary health and welfare organization providing housing, training and recreational services to adults with developmental disabilities. Strive provides housing for adults in Miller Manor, day care and training for adults through Project Strive, and social training and recreation for adults at Miller Activity Center. The majority of Strive's revenue is derived from contracts for services with the State of Louisiana and private contracts with businesses in the New Orleans metropolitan area.

**Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****a. Organization and Income Taxes**

Strive is a nonprofit corporation organized under the laws of the State of Louisiana in 1964. It is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code, and qualifies as an organization that is not a private foundation as defined in Section 509(a) of the Code. It is also exempt from Louisiana income tax under the authority of R.S.47:121(5).

**b. Basis of Accounting**

The financial statements of Strive Incorporated are prepared on the accrual basis of accounting.

**c. Financial Statement Presentation**

Financial statement presentation follows the recommendations of the Statement of Financial Accounting Standards, (SFAS) No. 117, "Financial Statements of Not-For-Profit Organizations." Under SFAS No. 117, Strive classifies its net assets, revenues, and expenses based on the existence or absence of donor-imposed restrictions.

**Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**c. Financial Statement Presentation (Continued)**

Accordingly, net assets and changes therein are classified and reported as follows:

**Unrestricted Net Assets** - Contracts for services, contributions, and other revenues and expenditures of funds for the general operation of its programs.

**Temporarily Restricted Net Assets** - Contributions and other revenues specifically authorized by the donor or grantor to be used for specific purposes or to benefit specific accounting periods.

**Permanently Restricted Net Assets** - Strive does not have any permanently restricted net assets.

**d. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

**e. Cash and Cash Equivalents**

For purposes of reporting cash flows, cash includes certificates of deposit and highly liquid investments with original maturities of three months or less.

**f. Contributions and Revenue Recognition**

Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions. Support that is restricted by a donor is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires (that is, when a stipulated time restriction ends or a 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. Donor restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

**Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**g. Inventory**

Inventory is stated at lower of cost using the first-in, first-out method or market.

**h. Property and Equipment**

Property and equipment are recorded at cost. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed on the straight line method. Donated property is recorded at its fair market value at the date of donation.

**i. Allocated Expenses**

The costs of providing the various programs and other activities are summarized in the *statement of functional expenses*. Certain expenses have been allocated among the programs and supporting services based on management's estimate of the costs involved.

**j. Investments**

Investments are stated at fair value in accordance with Financial Accounting Standards Board Statement No. 124 entitled "Accounting for Certain Investments Held by Not-for-Profit Organizations." Realized and unrealized gains and losses are included in the change in net assets in the accompanying statement of activities.

**Note 3 - RESTRICTIONS ON NET ASSETS**

Temporarily restricted net assets are restricted by donors for specific purposes or designated for subsequent periods. In 1991, Strive received a bequest under which the principal is maintained by a trustee, Greater New Orleans Foundation, and principal and income are available for expenditure for medical and psychological evaluations, physical and occupational therapy, special adaptive equipment, and prosthetic devices for retarded citizens in need of financial help. Restrictions are considered to expire when payment for the designated purpose is made.

**Note 3 - RESTRICTIONS ON NET ASSETS (Continued)**

Temporarily restricted net assets at June 30, 1999, are available for the following purpose:

Medial assistance for retarded citizens	<u>\$133,826</u>
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**Note 4 - INVESTMENTS**

Investments at June 30, 1999 consist of certificates of deposit with maturities of one to three years, which are invested at several financial institutions with no institution holding more than \$100,000.

**Note 5 - PROPERTY AND EQUIPMENT**

At June 30, 1999, the cost of property and equipment was as follows:

Land	\$ 149,030
Building and improvements	1,022,566
Furniture and equipment	195,304
Automotive equipment	<u>62,444</u>
	1,429,344
Less accumulated depreciation	<u>(828,573)</u>
Net property and equipment	<u>\$ 600,771</u>

Depreciation expense for the year ended June 30, 1999 was \$57,266.

**Note 6 - CONCENTRATION OF CREDIT RISK**

Strive maintains its cash accounts in various financial institutions where the accounts are insured by Federal Deposit Insurance Corporation up to \$100,000 per bank. At June 30, 1999, Strive had approximately \$151,000 in excess of the insured limits.

**Note 7 - SIGNIFICANT CONTRACTS**

For the year ended June 30, 1999, approximately \$306,000 of contract revenue was from the State of Louisiana Department of Health and Hospitals and \$346,000 of contract revenue was from the Louisiana Medical Assistance Program. The State provides annual contracts to Strive which grant the State the right to audit program accounts and activities. Management believes that Strive is in compliance with the provisions of these contracts and that the findings of an audit, if any, would not have a material impact on the financial statements.

**SCHEDULE OF PROGRAM SERVICE ACTIVITIES****Strive Incorporated**

For the year ended June 30, 1999

	Community Housing - (Miller Manor)	Daycare And Workshop - (Project Strive)	Social Activities - (Miller Center)	Total
<b>Revenues and Other Support</b>				
Contracts	\$ 295,954	\$ 596,478		\$ 892,432
Interest		745		745
Transportation		5,973		5,973
Other	2,082	36,989	\$ 22,166	61,237
 Total revenues and other support	 298,036	 640,185	 22,166	 960,387
<b>Program Expenses</b>	<u>316,209</u>	<u>640,618</u>	<u>19,695</u>	<u>976,522</u>
 <b>Change in Net Assets</b>	 <u>\$ (18,173)</u>	 <u>\$ (433)</u>	 <u>\$ 2,471</u>	 <u>\$ (16,135)</u>

See notes to financial statements.

**SPECIAL REPORT OF CERTIFIED PUBLIC ACCOUNTANTS**





Bourgeois Bennett

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

To the Board of Directors,  
Strive Incorporated,  
New Orleans, Louisiana.

We have audited the general purpose financial statements of the Strive Incorporated, as of and for the year ended June 30, 1999, and have issued our report thereon, dated August 20, 1999. We conducted our audit in accordance with generally accepted auditing 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 the Organization's general purpose 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 the Organization's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal

control over financial reporting. Our consideration of the internal control over 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 general purpose 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 for the information of the Board of Directors, management, the State of Louisiana and the Legislative Auditor for the State of Louisiana. However, the report is a matter of public record, and its distribution is not limited.

*Bourgeois Bennett, L.L.C.*

Certified Public Accountants.

New Orleans, La.  
August 20, 1999.

## SCHEDULE OF FINDINGS

### Strive Incorporated

For the year ended June 30, 1999

#### Section I - Summary of Auditor's Report

##### a) Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

- Material weakness(es) identified?                     yes    no
- Reportable condition(s) identified that are  
not considered to be material weakness                     yes    none reported

Noncompliance material to financial statements noted?    yes    no

##### b) Federal Awards

Strive Incorporated did not receive federal awards during the year ended June 30, 1999.

#### Section II - Financial Statement Findings

There were no financial statement findings noted during the audit for the year ended June 30, 1999.

#### Section III - Federal Award Findings and Questioned Costs

Not applicable.

**REPORTS BY MANAGEMENT**

## **SCHEDULE OF PRIOR YEAR FINDINGS**

### **Strive Incorporated**

For the year ended June 30, 1999

#### **Section I - Internal Control and Compliance Material to the Financial Statements**

##### **Internal Control**

No material weaknesses were noted during the audit for the year ended June 30, 1998. No reportable conditions were reported during the audit for the year ended June 30, 1998.

##### **Compliance**

No compliance findings material to the financial statements were noted during the audit for the year ended June 30, 1998.

#### **Section II - Internal Control and Compliance Material To Federal Awards**

Strive Incorporated did not receive federal awards during the year ended June 30, 1998.

#### **Section III - Management Letter**

A management letter was not issued in connection with the audit for the year ended June 30, 1998.

## **MANAGEMENT'S CORRECTIVE ACTION PLAN**

### **Strive Incorporated**

For the year ended June 30, 1999

#### **Section I - Internal Control and Compliance Material to the Financial Statements**

##### **Internal Control**

No material weaknesses were noted during the audit for the year ended June 30, 1999. No reportable conditions were reported during the audit for the year ended June 30, 1999.

##### **Compliance**

No compliance findings material to the financial statements were noted during the audit for the year ended June 30, 1999.

#### **Section II - Internal Control and Compliance Material To Federal Awards**

Strive Incorporated did not receive federal awards during the year ended June 30, 1999.

#### **Section III - Management Letter**

A management letter was not issued in connection with the audit for the year ended June 30, 1999.