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LOUISIANA INDUSTRIES FOR THE DISABLED, INC.
Baton Rouge, Louisiana

FINANCIAL REPORT

June 30, 1999

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 OCT 13 1999

LOUISIANA INDUSTRIES FOR THE DISABLED, INC.

Baton Rouge, Louisiana

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June 30, 1999

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Louisiana Industries for the Disabled, Inc.
Baton Rouge, Louisiana

We have audited the accompanying statements of financial position of **LOUISIANA INDUSTRIES FOR THE DISABLED, INC.** (a nonprofit organization) as of June 30, 1999 and 1998, and the related statements of activities, and cash flows for the years 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 audits 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. 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 audits provide 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 **LOUISIANA INDUSTRIES FOR THE DISABLED, INC.** at June 30, 1999 and 1998, and the changes in its net assets and its cash flows for the years then ended, in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 30, 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.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of **LOUISIANA INDUSTRIES FOR THE DISABLED, INC.** taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations," and is 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 our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Faulk + Winkler LLC
Certified Public Accountants

Baton Rouge, Louisiana
July 30, 1999

LOUISIANA INDUSTRIES FOR THE DISABLED, INC.

Baton Rouge, Louisiana

STATEMENTS OF FINANCIAL POSITION

June 30, 1999 and 1998

ASSETS

	<u>1999</u>	<u>1998</u>
CURRENT ASSETS		
Cash	\$ 394,640	\$ 408,369
Investments	268,790	131,616
Accounts receivable, net	217,511	277,116
Prepaid expenses	<u>13,107</u>	<u>18,107</u>
Total current assets	894,048	835,208
PROPERTY AND EQUIPMENT, net	<u>997,923</u>	<u>1,054,363</u>
Total assets	<u>\$ 1,891,971</u>	<u>\$ 1,889,571</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current maturities of long term debt	\$ 37,879	\$ 8,914
Accounts payable	35,455	122,744
Accrued expenses	<u>45,197</u>	<u>43,825</u>
Total current liabilities	118,531	175,483
LONG TERM DEBT, net of current maturities	<u>-</u>	<u>54,373</u>
Total liabilities	<u>118,531</u>	<u>229,856</u>
NET ASSETS		
Board designated - personnel	268,790	131,616
Undesignated	<u>1,504,650</u>	<u>1,528,099</u>
Total net assets	<u>1,773,440</u>	<u>1,659,715</u>
Total liabilities and net assets	<u>\$ 1,891,971</u>	<u>\$ 1,889,571</u>

The accompanying notes to financial statements
are an integral part of this statement.

LOUISIANA INDUSTRIES FOR THE DISABLED, INC.

Baton Rouge, Louisiana

STATEMENTS OF ACTIVITIES

For the years ended June 30, 1999 and 1998

	<u>1999</u>	<u>1998</u>
REVENUE AND SUPPORT		
Vocational services	\$ 935,713	\$ 923,552
Service contracts	1,193,081	1,219,996
WCRC	384,768	356,624
Other	<u>63,654</u>	<u>11,402</u>
Total revenue and support	<u>2,577,216</u>	<u>2,511,574</u>
EXPENSES		
Program services:		
Vocational services	990,429	789,972
Service contracts	784,687	872,534
WCRC	320,868	282,564
General and administrative	<u>367,507</u>	<u>338,242</u>
Total expenses	<u>2,463,491</u>	<u>2,283,312</u>
Increase in net assets	113,725	228,262
NET ASSETS		
Beginning of year	<u>1,659,715</u>	<u>1,431,453</u>
End of year	<u>\$ 1,773,440</u>	<u>\$ 1,659,715</u>

The accompanying notes to financial statements
are an integral part of this statement.

LOUISIANA INDUSTRIES FOR THE DISABLED, INC.

Baton Rouge, Louisiana

STATEMENTS OF CASH FLOWS

For the years ended June 30, 1999 and 1998

	<u>1999</u>	<u>1998</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 113,725	\$ 228,262
Increase in allowance for doubtful accounts	5,863	-
Adjustments to reconcile change in net assets:		
Depreciation	83,064	78,445
Change in operating assets and liabilities:		
Accounts receivable	53,742	(21,726)
Prepaid expenses	5,000	(7,215)
Accounts payable	(87,289)	96,913
Accrued expenses	1,372	(1,028)
Net cash provided by operating activities	<u>175,477</u>	<u>373,651</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in investments	(137,174)	(24,234)
Fixed asset acquisitions	<u>(26,624)</u>	<u>(43,884)</u>
Net cash used by investing activities	<u>(163,798)</u>	<u>(68,118)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments of debt and note payable	<u>(25,408)</u>	<u>(18,385)</u>
Net increase (decrease) in cash	(13,729)	287,148
CASH		
Beginning of year	<u>408,369</u>	<u>121,221</u>
End of year	<u>\$ 394,640</u>	<u>\$ 408,369</u>

The accompanying notes to financial statements
are an integral part of this statement.

LOUISIANA INDUSTRIES FOR THE DISABLED, INC.
Baton Rouge, Louisiana

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and operations

Louisiana Industries for the Disabled, Inc. (LIFTD) is a non-profit corporation whose purpose is to enhance the life of the mentally and physically disabled, including, but not limited to the following:

- o Developing job skills,
- o Developing personal and work adjustment,
- o Providing, developing and promoting employment opportunity,
- o Promoting independent learning skills, and
- o Providing any other goods and services needed by the disabled to achieve the above goals.

LIFTD primarily operates in the Baton Rouge, New Orleans and Lafayette areas.

Basis of presentation

The financial statements of LIFTD have been prepared on the accrual basis. The significant accounting policies are described below to enhance the usefulness of the financial statements.

Financial statement presentation complies with the Financial Accounting Standards Board's *Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, LIFTD is required to report information regarding their financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. LIFTD does not have any permanently restricted net assets at June 30, 1999 and 1998.

The statement of activities presents expenses of LIFTD operations functionally between program services, and general and administrative.

Estimates

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 disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates are used primarily when accounting for the allowance for doubtful accounts and depreciation.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and cash equivalents

For purpose of the statement of cash flows, LIFTD considers **cash** in operating bank accounts, and cash on hand as cash. Cash equivalents include **certificates** of deposit with original maturities of three months or less.

LIFTD has an agreement with its bank for automatic investment service whereby excess operating funds are invested daily at a competitive rate of return. The investment is a repurchase agreement with the bank and the investments are in certain purchased securities. The investments are not insured by or guaranteed by any bank, the Federal Deposit Insurance Corporation or any government agency.

Investments

Investments, other than time certificates of deposit, have been recorded at market value, with the amount of unrealized gain or loss recorded net in the statement of activities.

Time certificates of deposit are recorded at lower of cost or market value, with the amount of unrealized loss recorded as a contra-asset account.

Accounts receivable

Accounts receivable represent fees for service contracts due from governmental units and agencies. The allowance for doubtful accounts was \$10,554 and \$4,690 at June 30, 1999 and 1998.

Property, equipment and depreciation

Property and equipment are recorded at cost. Donated assets are recorded at their fair market values at the date of their gift. Depreciation is computed using the straight-line method over the estimated service lives of the assets.

Investment Income

Investment income includes income earned on investments, the net gain and/or loss from trade of investments, and the unrealized gain and/or loss resulting from market value fluctuations relative to cost.

Restricted support

LIFTD received support from Louisiana agencies to expend on job development, and property and equipment acquisitions. When the program restriction is met, temporarily restricted net assets are reclassified to unrestricted net assets. Support that is 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. Accordingly, since the restrictions of temporarily restricted support of \$670,014 and \$647,516 were met during the years ended June 30, 1999 and 1998, respectively, such support has been shown as unrestricted.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition

LIFTD records service contracts revenue as services are rendered.

Grants to others

During the years ended June 30, 1999 and 1998, LIFTD administered a federal grant program to increase employment opportunities for individuals with severe disabilities. The grant terms are that sub-recipients contracted with LIFTD to provide employment for the disabled for five years. Grant expenditures by LIFTD include the purchase of equipment for sub-recipients to utilize in the related employment. Such funding, for the years ended June 30, 1999 and 1998, provided \$63,870 (79%) and 114,166 (79%), respectively, of the cost of equipment with the sub-recipients providing the balance. While LIFTD retains title to the equipment during the grant period, the equipment acquisitions were expensed as incurred.

Vacation and sick leave

Vacation and sick leave are earned at varying rates from 8 to 15 hours per month depending on length of service. A maximum of three days of unused leave can be carried over at December 31. Accordingly, amounts related to such leave have been accrued at June 30, 1999 and 1998.

Income taxes

The Corporation is a non-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

Reclassifications

Certain amounts in the June 30, 1998, financial statements have been reclassified to conform with the June 30, 1999 financial statement presentation.

NOTE 2 - INVESTMENTS

Investments are made in various mutual funds and certificates of deposit. Investments at June 30, 1999 are as follows:

	Cost	Market Value	Carrying Value
Mutual funds	\$ 67,069	\$ 72,575	\$ 72,575
Certificates of deposit	196,215	196,215	196,215
	\$ 263,284	\$ 268,790	\$ 268,790

NOTE 2 - INVESTMENTS (CONTINUED)

The following schedule summarizes the investment return.

	1999	1998
Interest and dividends	\$ 18,800	\$ 4,234
Realized gains	1,852	-
Unrealized gains	5,506	-
	\$ 26,158	\$ 4,234

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment, related service lives, and accumulated depreciation at June 30, 1999 and 1998, are as follows:

	Estimated Service Lives	1999	1998
Land	-	\$ 33,500	\$ 17,500
Building	7 - 30 years	1,059,291	1,053,291
Furniture and equipment	5 - 10 years	352,050	347,426
Leasehold improvements	5 years	23,997	23,997
Vehicles	5 years	133,808	133,808
Property and equipment		1,602,646	1,576,022
Less accumulated depreciation		(604,723)	(521,659)
		\$ 997,923	\$ 1,054,363

Depreciation expense was \$83,064 and \$78,445 for the years ended June 30, 1999 and 1998, respectively.

NOTE 4 - LONG-TERM DEBT

Previously, LIFTD drew \$81,672 on a non-revolving line of credit secured by a building. The terms of the agreement require monthly payments of \$1,249, including interest at 7.5%. LIFTD has elected to make additional principal payments to reduce the loan balance during the year ended June 30, 1999. As of June 30, 1999, \$48,811 is available on the line of credit.

The debt balance of \$37,879 at June 30, 1999 is due to mature in May 2000.

NOTE 5 - ECONOMIC DEPENDENCY

LIFTD derives its revenues from governmental sources as earned revenue or grants, the loss of which would have a material adverse effect. During the years ended June 30, 1999 and 1998, revenue derived from governmental sources accounted for approximately 99% of total revenue and accounts receivable at year-end were related to such revenues. See Note 10.

NOTE 6 - RELATED PARTY

LIFTD incurred \$196 of accounting software support expenses **during** the year ended June 30, 1999. LIFTD's treasurer is employed by the accounting firm.

NOTE 7 - PENSION PLAN

LIFTD has a money purchase pension plan covering substantially all employees. Employees are 100% vested in their contributions; employer contributions are vested over five years.

LIFTD funded \$25,257 and \$48,075 of contributions during the years ended June 30, 1999 and 1998, respectively.

NOTE 8 - SUPPLEMENTAL CASH FLOW INFORMATION

LIFTD paid interest of \$4,167 and \$6,593 for the years ended June 30, 1999 and 1998, respectively.

NOTE 9 - CONCENTRATIONS OF CREDIT RISK

Financial instruments which subject LIFTD to concentrations of credit risk consist primarily of investments in mutual funds. In addition, LIFTD typically maintains cash and certificates of deposit in local banks which may, at times, exceed the FDIC limits.

NOTE 10 - SUBSEQUENT EVENTS

LIFTD's operations and earnings have been and may be further affected by an adverse governmental action. Subsequent to June 30, 1999, the Louisiana Department of Social Services began performing services that had previously been contracted to LIFTD. In view of this reduction, LIFTD has reduced expenses, primarily personnel, related to such contracts. The magnitude of this reduction to revenues is undeterminable at this time and further reductions are anticipated.

Special Independent Auditors' Reports

LOUISIANA INDUSTRIES FOR THE DISABLED, INC.
Baton Rouge, Louisiana

June 30, 1999



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

Board of Directors
Louisiana Industries for the Disabled, Inc.
Baton Rouge, Louisiana

We have audited the financial statements of **LOUISIANA INDUSTRIES FOR THE DISABLED, INC.** (a nonprofit organization) as of and for the year ended June 30, 1999, and have issued our report thereon dated July 30, 1999. We conducted our 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 **LOUISIANA INDUSTRIES FOR THE DISABLED, INC.**'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 is required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered **LOUISIANA INDUSTRIES FOR THE DISABLED, INC.**'s internal control over financial reporting 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 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 for the information of the management of the organization, the Legislative Auditor and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone else other than these specified parties.

Facely Winkler LLC

Certified Public Accountants

Baton Rouge, Louisiana
July 30, 1999



**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Directors
Louisiana Industries for the Disabled, Inc.
Baton Rouge, Louisiana

Compliance

We have audited the compliance of **LOUISIANA INDUSTRIES FOR THE DISABLED, INC.** (a nonprofit organization) with the types of compliance requirements described in the "U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement" that are applicable to its major federal program for the year ended June 30, 1999. **LOUISIANA INDUSTRIES FOR THE DISABLED, INC.**'s major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of **LOUISIANA INDUSTRIES FOR THE DISABLED, INC.**'s management. Our responsibility is to express an opinion on **LOUISIANA INDUSTRIES FOR THE DISABLED, INC.**'s compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about **LOUISIANA INDUSTRIES FOR THE DISABLED, INC.**'s compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of **LOUISIANA INDUSTRIES FOR THE DISABLED, INC.**'s compliance with those requirements.

In our opinion, **LOUISIANA INDUSTRIES FOR THE DISABLED, INC.** compiled, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 1999.

Internal Control over Compliance

The management of **LOUISIANA INDUSTRIES FOR THE DISABLED, INC.** is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered **LOUISIANA INDUSTRIES FOR THE DISABLED, INC.**'s internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control 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 noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program 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 compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of the management of the organization, the Legislative Auditor and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Faulk & Winkler LLC

Certified Public Accountants

Baton Rouge, Louisiana
July 30, 1999

LOUISIANA INDUSTRIES FOR THE DISABLED, INC.

Baton Rouge, Louisiana

SCHEDULE OF FEDERAL AWARDS

For the year ended June 30, 1999

CFDA Number	Grant Amount	Balance July 1	Federal Receipts	Grantee Matching Contributions	Federal Expenditures	Non-federal Expenditures	Balance June 30
Grantor/State Pass-through/Program name/ Location of Project							
Non-Major Programs							
	\$ 30,000	\$ -	\$ 17,201	\$ 8,000	\$ 17,201	\$ 8,000	\$ -
Department of Housing and Urban Development/City of Baton Rouge/Parish of East Baton Rouge/Emergency Shelter							
	300,728	-	14,208	-	22,482	-	8,274
Department of Housing and Urban Development/Louisiana Department of Social Services/Office of Community Development/Supportive Housing Program							
	19,000	-	1,442	-	5,689	-	4,247
Department of Housing and Urban Development/Louisiana Department of Social Services/Office of Community Development/Child Care Training							
	241,334	27,680	126,220	27,747	104,381	27,747	5,841
84.126A							
Major Program							
Department of Education/Louisiana Department of Social Services/Louisiana Rehabilitation Services/Job Creation							
	298,000	52,591	212,048	76,453	207,855	74,941	46,886
93.561							
Department of Health and Human Services/ Louisiana Department of Social Services/ East Baton Rouge Parish Office of Family Services/Aid to Families with Dependent Children (AFDC)/Project Independence/ Other Federal Assistance							
Total Federal Financial Assistance	\$ -	\$ -	\$ 371,119	\$ 112,200	\$ 357,608	\$ 110,688	\$ 65,248

LOUISIANA INDUSTRIES FOR THE DISABLED, INC.
Baton Rouge, Louisiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended June 30, 1999

1) Summary of Auditors' Results:

- a) The type of report issued on the basic financial statements: **Unqualified opinion.**
- b) Reportable conditions in internal control disclosed by the audit of Financial Statements: **None.**

Material weaknesses: **None.**
- c) Noncompliance which is material to the basic financial statements: **None.**
- d) Reportable conditions in internal control over major programs: **None.**
- e) The type of report issued on compliance for major programs: **Unqualified opinion.**
- f) Any audit findings which are required to be reported under Section 510(a) of OMB Circular A-133: **None.**
- g) Major Program:
 - i) U. S. Department of Health and Human Services
Louisiana Department of Social Services
East Baton Rouge Parish Office of Family Services
Project Independence
CFDA No. 93.561
- h) Dollar threshold used to distinguish between Type A and Type B programs: **\$300,000.**
- i) Auditee qualified as a low-risk auditee under Section 530 of OMB Circular A-133: **No.**

2) Findings relating to the financial statements reported in accordance with Government Auditing Standards: **None.**

3) Findings and questioned cost relating to federal awards: **None.**

PRIOR YEAR FINDINGS

98-1

Finding:

Jobs Creation/ Equipment procurement

In accordance with contract requirements of the Jobs Creation Project, equipment purchased with a cost in excess of \$25,000 must be advertised in accordance with R.S. 39:1594.

LIFTD purchased a piece of equipment during the year ended June 30, 1998 that exceeded the \$25,000 threshold without advertising for competitive bids. LIFTD attempted to obtain five quotations for the equipment but received four responses.

During the year ended June 30, 1999, management of LIFTD implemented a policy for the advertisement of equipment purchased through the Jobs Creation Project. During the current period, LIFTD advertised for the purchase of one piece of equipment, which required a public advertisement. The remaining equipment purchased by LIFTD did not require such an advertisement.

This matter is has been resolved to our satisfaction.

97-1

For the year ended June 30, 1997, a non-compliance finding relating to a report filed by the Office of Inspector General of the State of Louisiana titled "Computer Overpayments" (File No. 1-97-0041) that concerned LIFTD. The report addressed transactions involving a former Executive Director of LIFTD and a corporation through which computer equipment and related software were provided to LIFTD through leasing arrangements.

No action has been taken against LIFTD by any regulatory agency concerning this matter. As such, this matter is considered resolved.



**INDEPENDENT AUDITORS' REPORT ON
SUPPLEMENTARY AND STATISTICAL INFORMATION**

Board of Directors
Louisiana Industries for the Disabled, Inc.
Baton Rouge, Louisiana

Our report on our audit of the basic financial statements of **LOUISIANA INDUSTRIES FOR THE DISABLED, INC.** (a nonprofit corporation) for June 30, 1999 appears on page 1. We conducted our audit in accordance with generally accepted auditing standards for the purpose of forming an opinion on the basic financial statements taken as a whole. The Schedule of Functional Expenses and the statistical information included on pages S-1 through S-6 for the year ended June 30, 1999, 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 our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in cursive script that reads "Faulk & Winkler LLC".

Certified Public Accountants

Baton Rouge, Louisiana
July 30, 1999

LOUISIANA INDUSTRIES FOR THE DISABLED, INC.
Baton Rouge, Louisiana

SCHEDULE OF FUNCTIONAL EXPENSES

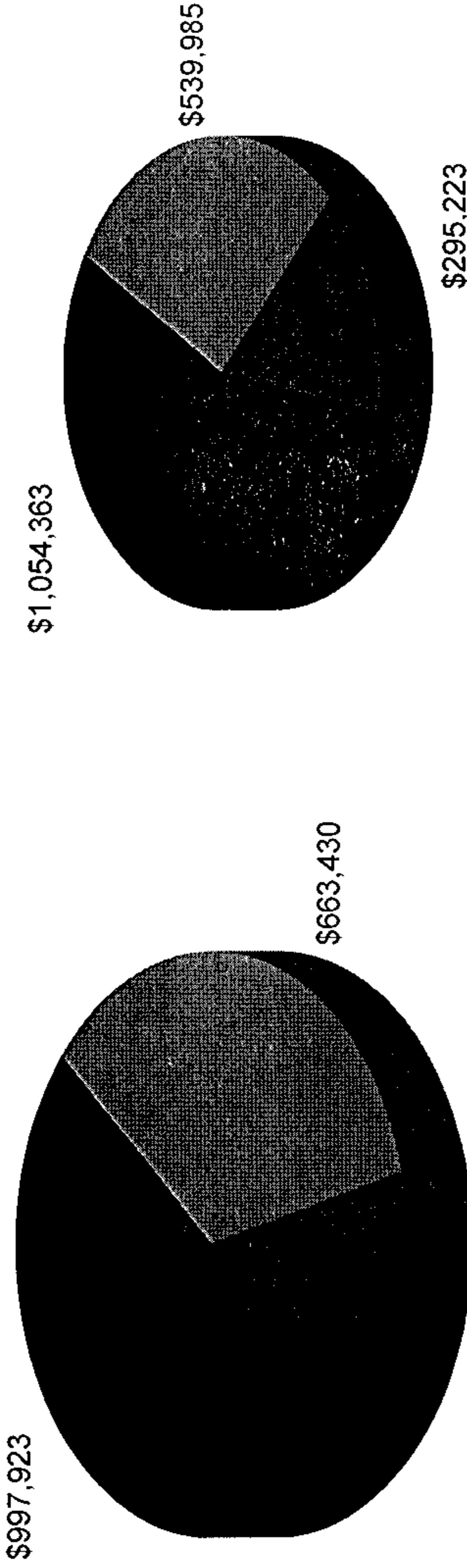
For the year ended June 30, 1999

	Vocational Services	Service Contracts	WCRC	General and Administrative	Totals	
					1999	Memorandum Only 1998
EXPENSES						
Salaries	\$ 523,857	\$ 482,595	\$ 212,595	\$ 185,326	\$ 1,404,373	\$ 1,249,594
Payroll taxes	39,437	36,786	15,991	13,843	106,057	93,570
Equipment	24,763	5,006	422	16,374	46,565	10,421
Grants	63,870	-	-	-	63,870	114,166
Subscriptions and memberships	3,164	550	906	1,667	6,287	4,776
Repairs and maintenance	594	6,387	1,058	2,817	10,856	21,385
Travel and entertainment	-	-	4,213	-	4,213	8,444
Training	16,054	5,329	1,780	18,840	42,003	30,940
Office supplies	24,586	1,634	4,302	16,519	47,041	51,271
Professional	9,945	-	-	18,972	28,917	24,252
Automobile	19,565	16,990	3,874	14,944	55,373	38,661
Rent and leases	53,896	1,495	2,649	2,633	60,673	34,548
Rehabilitation supplies and contracts	17,242	-	25,478	-	42,720	60,250
Depreciation	38,669	23,375	9,725	11,295	83,064	78,445
Utilities and telephone	27,667	7,069	10,857	4,726	50,319	50,256
Insurance	48,614	60,392	10,850	31,283	151,139	172,239
Janitorial supplies and contracts	37,843	132,912	-	8,680	179,435	171,495
Interest	-	-	-	4,167	4,167	6,593
Postage and freight	2,395	175	432	321	3,323	3,458
Retirement match	30,682	3,170	3,583	6,322	43,757	48,075
Other	7,586	822	12,153	8,778	29,339	10,473
Total expenses	\$ 990,429	\$ 784,687	\$ 320,868	\$ 367,507	\$ 2,463,491	\$ 2,283,312

STATISTICAL INFORMATION

LOUISIANA INDUSTRIES FOR THE DISABLED, INC.

TOTAL ASSETS



\$230,618

JUNE 30, 1999

■ CASH AND INVESTMENTS

■ ACCOUNTS RECEIVABLE - NET AND OTHER

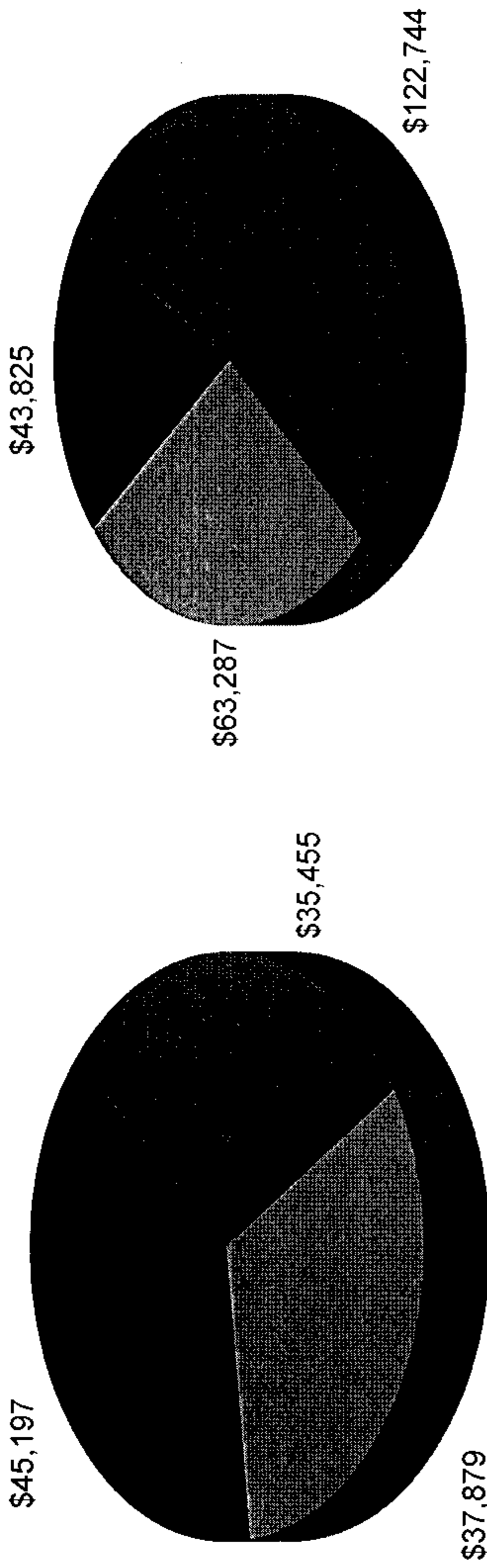
■ PROPERTY AND EQUIPMENT - NET

TOTAL ASSETS = \$ 1,891,971

TOTAL ASSETS = \$ 1,889,571

LOUISIANA INDUSTRIES FOR THE DISABLED, INC.

TOTAL LIABILITIES



JUNE 30, 1999

JUNE 30, 1998

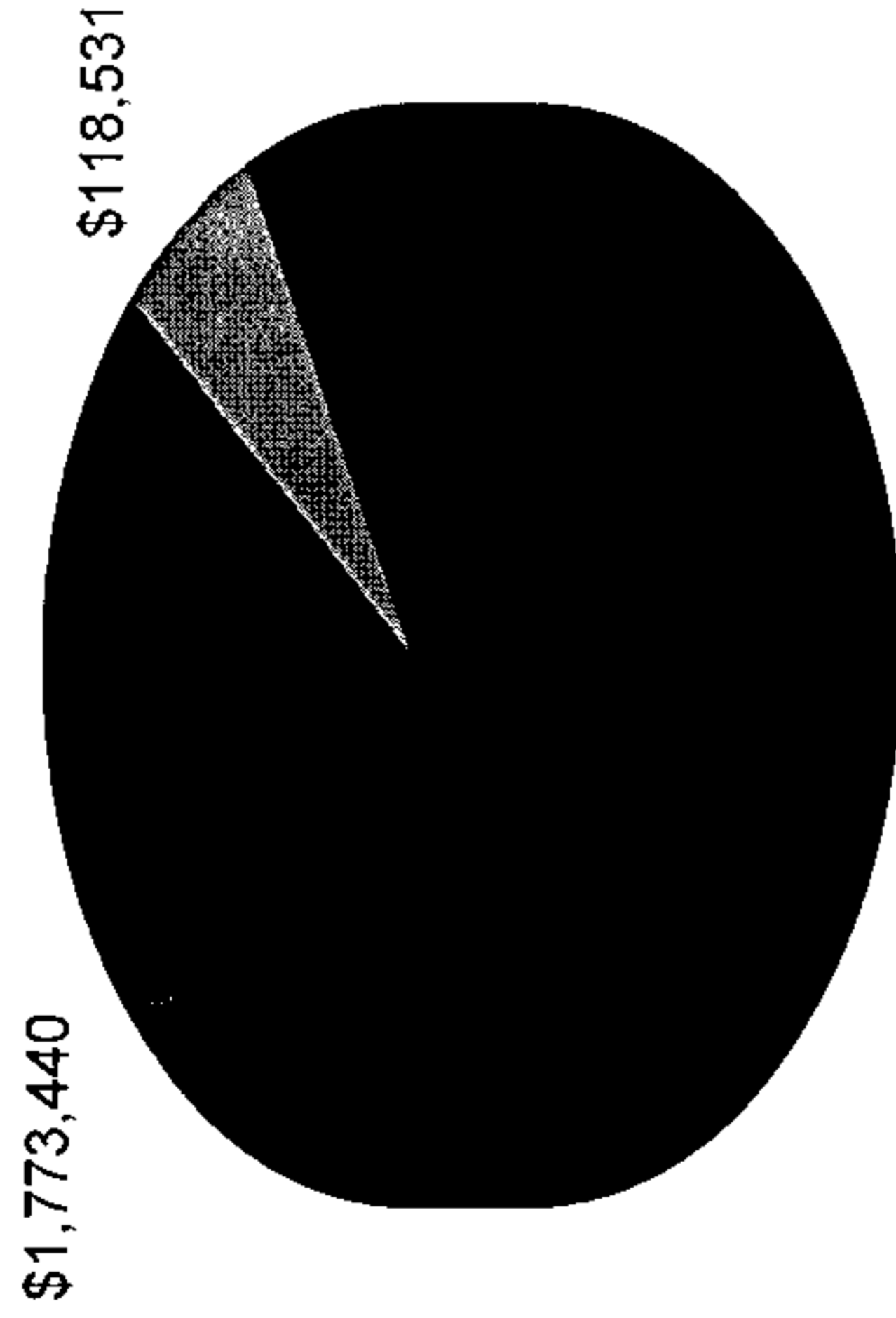
ACCOUNTS PAYABLE
 DEBT
 ACCRUED EXPENSES

TOTAL LIABILITIES = \$ 118,531

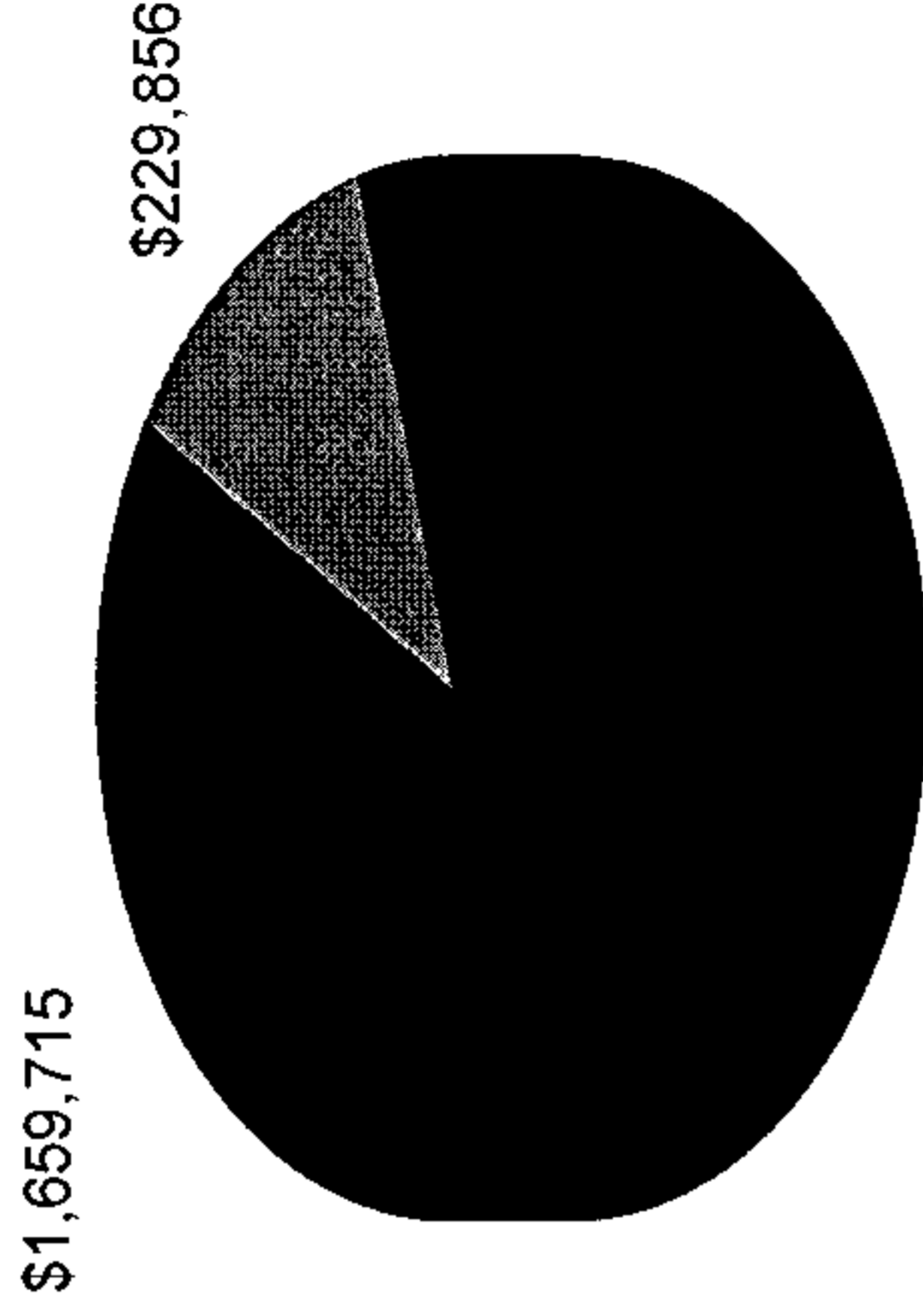
TOTAL LIABILITIES = \$ 229,856

LOUISIANA INDUSTRIES FOR THE DISABLED, INC.

LIABILITIES AND NET ASSETS



JUNE 30, 1999



JUNE 30, 1998

■ LIABILITIES

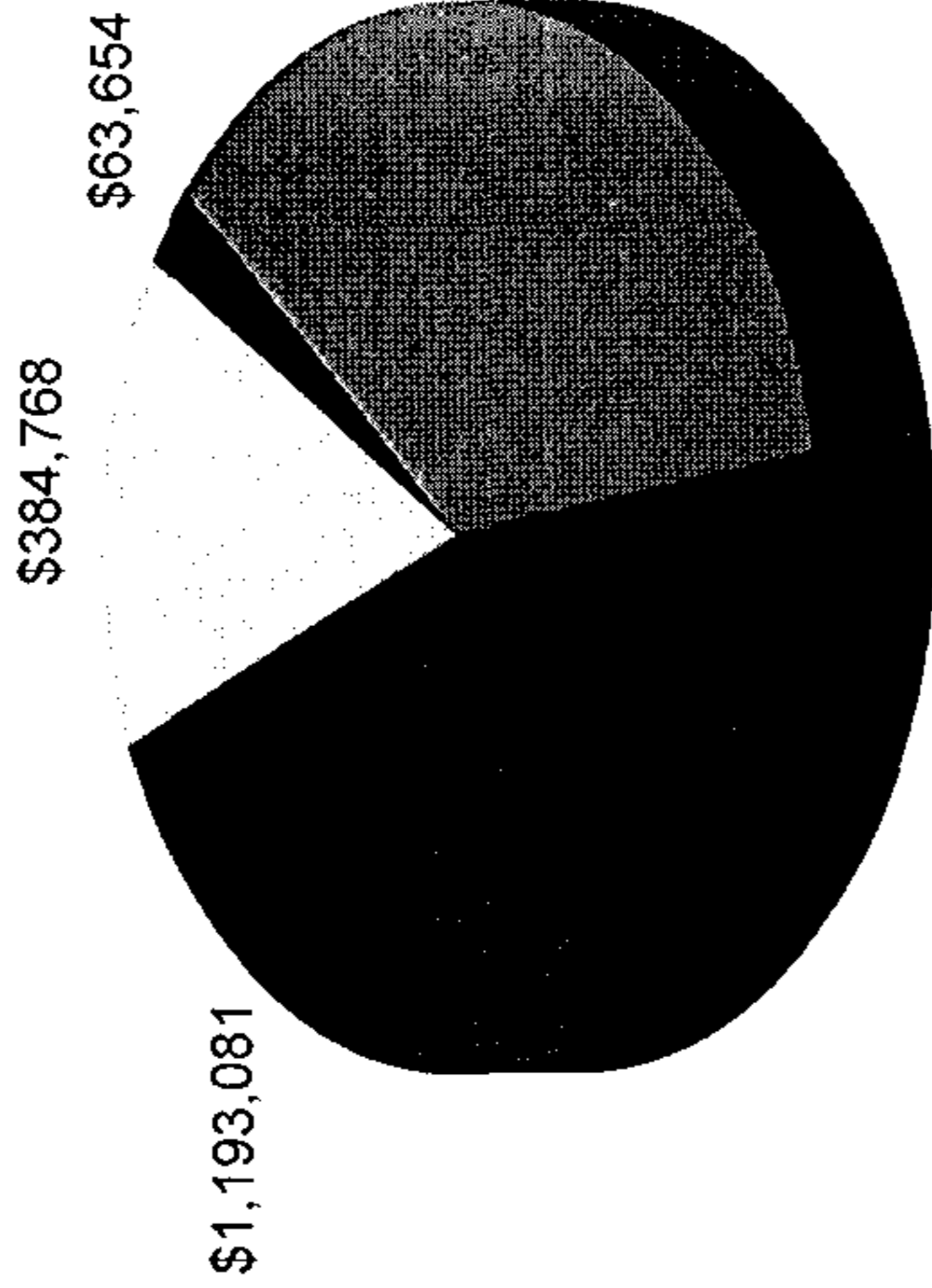
■ NET ASSETS

TOTAL LIABILITIES = \$ 1,773,440
TOTAL NET ASSETS = \$ 118,531

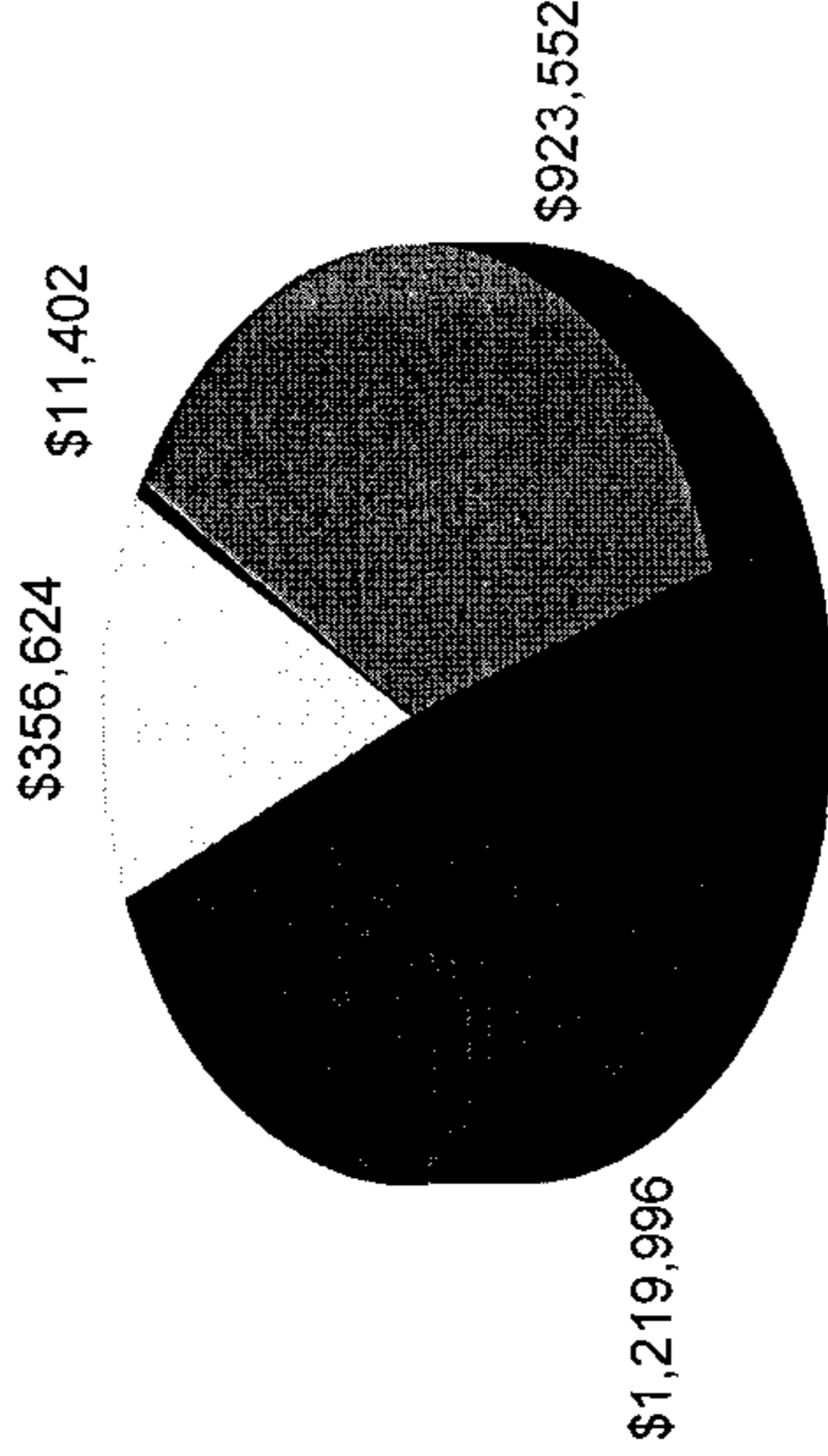
TOTAL LIABILITIES = \$ 229,856
TOTAL NET ASSETS = \$ 1,659,715

LOUISIANA INDUSTRIES FOR THE DISABLED, INC.

SUPPORT AND REVENUE



JUNE 30, 1999



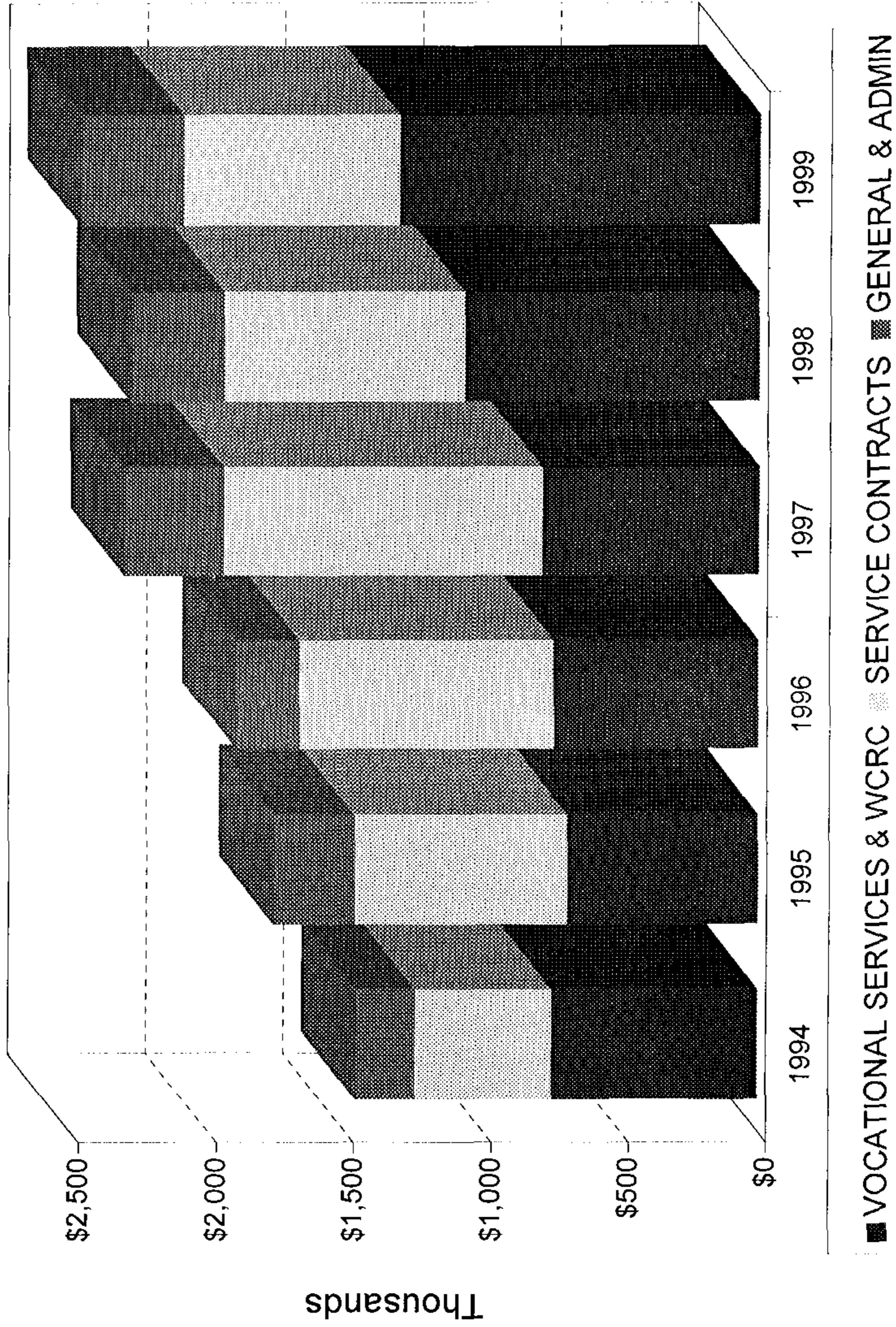
JUNE 30, 1998

VOCATIONAL SERVICES
 SERVICE CONTRACTS
 WCRC
 OTHER

TOTAL SUPPORT AND REVENUE = \$ 2,577,216 TOTAL SUPPORT AND REVENUE = \$ 2,511,574

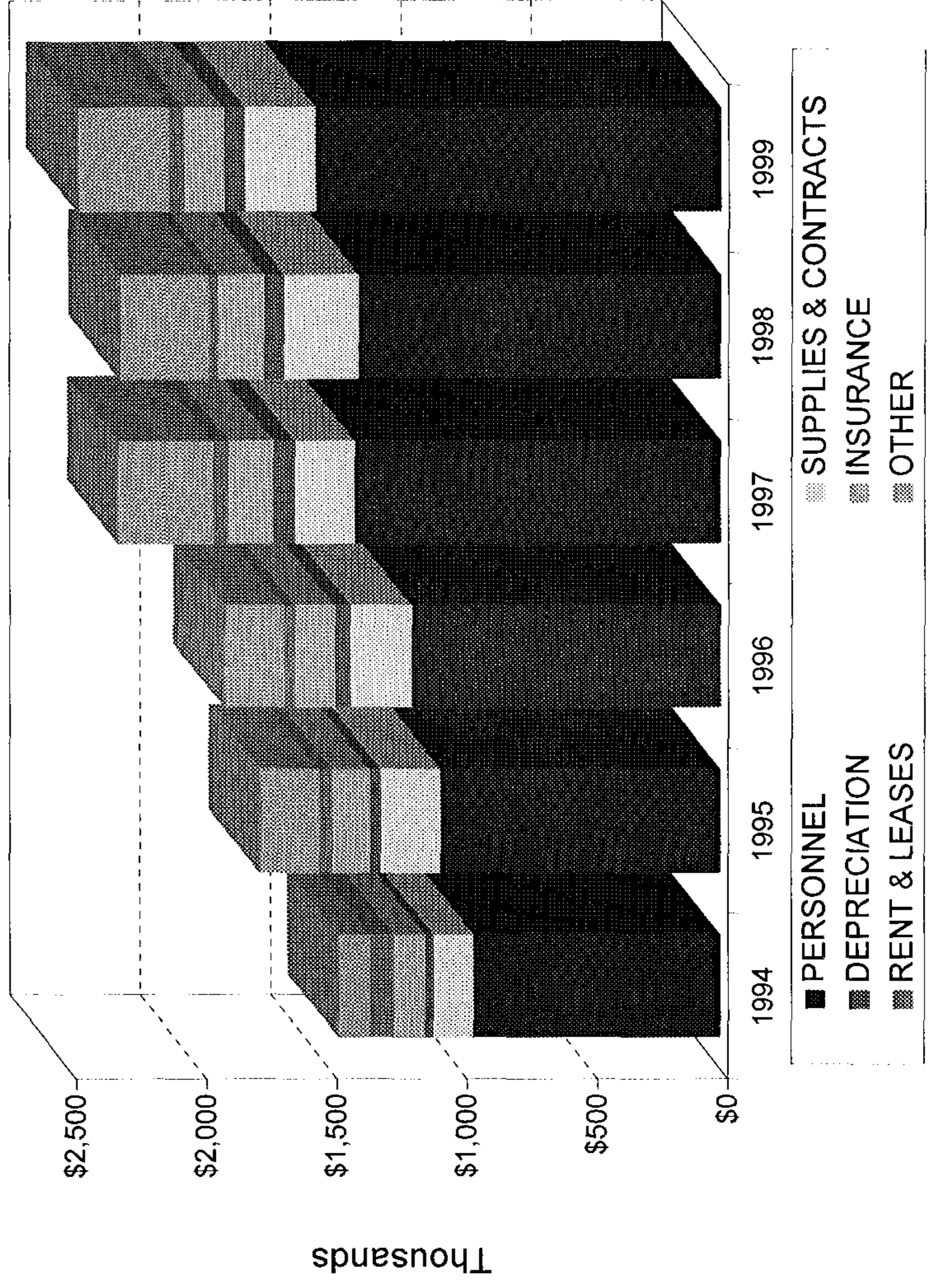
LOUISIANA INDUSTRIES FOR THE DISABLED, INC.

DEPARTMENTAL EXPENSES



LOUISIANA INDUSTRIES FOR THE DISABLED, INC.

OPERATING EXPENSES



LOUISIANA INDUSTRIES FOR THE DISABLED, INC. SUPPORT AND REVENUE

