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RESOURCES FOR INDEPENDENT LIVING, INC.

**FINANCIAL AND COMPLIANCE AUDIT
TOGETHER WITH
INDEPENDENT AUDITORS' REPORT**

FOR THE YEAR ENDED SEPTEMBER 30, 2003

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the 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 4.28.04

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Resources for Independent Living, Inc.

We have audited the accompanying statement of financial position of **Resources for Independent Living, Inc. (RIL)** (a nonprofit organization) as of September 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 **RIL'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. 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 the *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.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

To the Board of Directors of
Resources for Independent Living, Inc.
Page 2

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of **RIL** as of September 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 March 24, 2004, on our consideration of **RIL**'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 our audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of **RIL** taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by United States 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.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

March 24, 2004

RESOURCES FOR INDEPENDENT LIVING, INC.
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2003

ASSETS

Cash and cash equivalents	\$ 7,521
Grants receivable	56,906
Amounts receivable (NOTE 7)	129,882
Property and equipment, net (NOTE 2)	43,870
Other assets	<u>16,835</u>
 Total assets	 <u>\$255,014</u>

LIABILITIES AND NET DEFICIT

<u>Liabilities</u>	
Bank overdraft	\$ 90,003
Accounts payable (NOTE 6)	14,686
Accrued salaries and payroll liabilities	180,829
Notes payable - current (NOTE 5)	<u>57,528</u>
 Total liabilities	 <u>343,046</u>
 <u>Net Deficit</u>	
Unrestricted net deficit (NOTE 8)	<u>(88,032)</u>
 Total unrestricted net deficit	 <u>(88,032)</u>
 Total liabilities and net deficit	 <u>\$255,014</u>

The accompanying notes are an integral part of these financial statements.

RESOURCES FOR INDEPENDENT LIVING, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2003

SUPPORT AND REVENUE

Support:

Department of Education	
Centers for Independent Living	\$ 394,249
Louisiana Rehabilitation Services	
Independent Living Service Programs	561,668
City of New Orleans - Project Open House	14,208
Medicaid	<u>1,217,982</u>
 Total support	 <u>2,188,107</u>

Revenue:

Other	<u>544</u>
 Total revenue	 <u>544</u>

Total support and revenue 2,188,651

Expenses:

Program services	1,463,403
Management and general	<u>531,203</u>
 Total expenses	 <u>1,994,606</u>

Change in net deficit 194,045

Unrestricted net deficit, beginning of year, as previously reported (264,132)

Prior period adjustment (NOTE 14) (17,945)

Unrestricted net deficit, beginning of year, as restated (282,077)

Unrestricted net deficit, end of year \$ (88,032)

The accompanying notes are an integral part of these financial statements.

RESOURCES FOR INDEPENDENT LIVING, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2003

	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
Salaries	\$1,140,750	\$285,187	\$1,425,937
Fringe benefits and payroll taxes	123,339	21,766	145,105
Direct assistance	37,800	-0-	37,800
Rent	61,993	61,993	123,986
Housing rehabilitation	14,208	-0-	14,208
Insurance	23,445	23,444	46,889
Audit and accounting	-0-	13,000	13,000
Consultants	-0-	2,670	2,670
Other	8,692	8,692	17,384
Peer counseling	463	-0-	463
Travel	38,595	-0-	38,595
Interest	-0-	2,751	2,751
Telephone	10,113	20,226	30,339
Office equipment and supplies	4,005	36,041	40,046
Postage	-0-	4,301	4,301
Dues and subscriptions	-0-	1,457	1,457
Training and recruiting	-0-	3,997	3,997
Bank fees	-0-	20,321	20,321
Depreciation	-0-	7,736	7,736
Legal	-0-	17,621	17,621
	<u> </u>	<u> </u>	<u> </u>
Total expenses	<u>\$1,463,403</u>	<u>\$531,203</u>	<u>\$1,994,606</u>

The accompanying notes are an integral part of these financial statements.

RESOURCES FOR INDEPENDENT LIVING, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2003

Cash Flows From Operating Activities:	
Change in net deficit	\$ 194,045
Adjustments to reconcile change in net deficit to net cash provided by operating activities:	
Depreciation	7,736
Prior period adjustment	(17,945)
Changes in Assets and Liabilities:	
Decrease in grants receivable	118,050
Increase in amounts receivable	(91,063)
Increase in bank overdraft	59,777
Decrease in accounts payable	(25,634)
Decrease in accrued tax penalties and interest payable	(40,536)
Decrease in accrued salaries and payroll liabilities	(180,688)
Increase in other assets	<u>(16,405)</u>
Net cash provided by operating activities	<u>7,337</u>
Cash Flows From Financing Activities:	
Payments on note payable	(4,100)
Decrease in borrowing under line of credit	<u>(4,362)</u>
Net cash used in financing activities	<u>(8,462)</u>
Net decrease in cash and cash equivalents	(1,125)
Cash and cash equivalents, beginning of year	<u>8,646</u>
Cash and cash equivalents, end of year	\$ <u><u>7,521</u></u>
Supplemental Disclosure of Cash Flow Information:	
Interest paid in cash during the year	\$ <u><u>2,751</u></u>

The accompanying notes are an integral part of these financial statements.

RESOURCES FOR INDEPENDENT LIVING, INC.
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - Nature of Activities and Significant Accounting Policies:

Nature of Activities

Resources for Independent Living, Inc. (RIL) was incorporated on June 27, 1988, under the provisions of the Louisiana Nonprofit Corporation Law. On October 15, 1990, the Internal Revenue Service determined that the **RIL** would be recognized as a publicly supported organization, as described in Section 501(c)((3). **RIL** is exempt from Federal Income Tax under Section 501(a) of the Internal Revenue Code. **RIL** is also exempt from income tax under the State of Louisiana laws.

RIL works towards promoting independent living philosophy to people with disabilities, their families, service providers, and the community at large. **RIL** promotes consumer control and provides services designed to enhance the personal, social, vocational and economic quality of life for people with disabilities.

RIL is supported primarily through direct and pass-through grants from various state and federal funding agencies.

Basis of Accounting

The financial statements of **RIL** have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

Financial statement presentation follows the requirements of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations." Under SFAS No. 117, **RIL** 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.

RESOURCES FOR INDEPENDENT LIVING, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Nature of Activities and Significant Accounting Policies, Continued:

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Property and Equipment

Acquisitions of property and equipment in excess of \$500 are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful life of five years for its office equipment and computers.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

All donor-restricted contributions are 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.

Contributed Services

RIL receives a substantial amount of services donated from unpaid volunteers. No amounts have been reflected in the financial statements for those services since they do not meet the criteria for recognition under SFAS No. 116, "Accounting for Contributions Received and Contributions Made."

RESOURCES FOR INDEPENDENT LIVING, INC.
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - Nature of Activities and Significant Accounting Policies, Continued:

Support and Revenue

RIL receives grants from the Federal and State Departments of Education, Social Services and Health and Hospitals. The support received from the Departments of Education and Social Services are recognized on a "funded" basis. Medicaid support received from the Department of Health and Hospitals is recognized on a "fee for service" basis.

Cash and Cash Equivalents

Cash and cash equivalents include all monies in banks and highly liquid investments with original maturity dates of less than three months. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

Functional Allocation of Expenses

The cost of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

Compensated Absences

RIL employees are entitled to paid vacation, sick and personal days off depending on their length of service. Short-term leave (sick and personal) may be accumulated and carried forward to subsequent periods up to a maximum of 240 hours. However, employees are not paid for any earned but unused short-term leave at termination. Also, vacation days may not be carried over from year to year and employees may not receive compensation in lieu of time off. However, employees will be paid for any earned but unused vacation leave if termination occurs on or before the end of the fiscal year.

RESOURCES FOR INDEPENDENT LIVING, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - Property and Equipment, Net:

Property and equipment at September 30, 2003, consisted of the following:

Office equipment and computers	\$ 153,161
Less: Accumulated depreciation	<u>(109,291)</u>
Property and equipment, net	<u>\$ 43,870</u>

NOTE 3 - Operating Lease:

RIL has operating leases for office space at its New Orleans and Baton Rouge locations. At September 30, 2003, contractual agreements under these leases expired within one (1) year after year end.

Subsequent to September 30, 2003, **RIL** entered into two (2) new facility leases for the above locations. Minimum future rental payments under these leases for the next five (5) years and in the aggregate are:

<u>September 30,</u>	<u>Amount</u>
2004	\$ 91,401
2005	92,904
2006	95,280
2007	97,656
2008	100,032
Subsequent to 2008	<u>8,000</u>
	<u>\$485,273</u>

Rental expense for the current year amounted to \$123,986.

RESOURCES FOR INDEPENDENT LIVING, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 4 - Contingencies:

RIL is the recipient of funds from various state and federal agencies. The administration of the programs funded by these agencies are under the control of **RIL** and are subject to audits and reviews by the agencies or their designees. Any grants or awards found not to be properly spent in accordance with the terms, conditions and regulations may be subject to recapture.

During the audit period, the United States Department of Education and the State of Louisiana Department of Social Services conducted compliance reviews of grants awarded by the respective agencies. **RIL** has submitted corrective action plans for compliance issues reported in these separately issued review reports.

NOTE 5 - Notes Payable - Current:

The following is a summary of notes payable - current at September 30, 2003:

At September 30, 2003, **RIL** had a line-of-credit of \$35,000 with a bank to be drawn as needed at varying interest rates. The line-of-credit is personally secured by a former employee of **RIL**.

\$22,277

Unsecured 5% note payable to a private foundation.

35,251

\$57,528

RESOURCES FOR INDEPENDENT LIVING, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 6 - Grants Receivable:

As of September 30, 2003, grants receivable in the amount of \$56,906 was due from the Department of Social Services, Louisiana Rehabilitation Services.

NOTE 7 - Amounts Receivable:

RIL is a provider of supported living and personal assistance services under Medicaid contracts. Amounts receivable for Medicaid contracted services were \$129,882 as of September 30, 2003.

NOTE 8 - Unrestricted Net Deficit:

RIL has an unrestricted net deficit of \$88,032 as of September 30, 2003. **RIL** has developed a long-term strategic plan to liquidate significant debt to include notes payable and payroll related liabilities. As such, management plans to eliminate the unrestricted net deficit within two years.

NOTE 9 - Commitments:

The United States Department of Education and the State of Louisiana Department of Social Services have committed to provide funding in subsequent years to **RIL** in amounts of approximately \$122,510 through the period ending September 30, 2004 and \$1,215,000 through various periods ending June 30, 2006, respectively.

RESOURCES FOR INDEPENDENT LIVING, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 10 - Concentration of Risk:

The primary funding sources of **RIL** are various pass-through and direct grants from Federal and State agencies. If the amount of grants received fall below contract levels, **RIL**'s operating results could be adversely affected.

RIL maintains cash balances at a local bank. Accounts at this institution are insured by the Federal Deposit Insurance Corporation up to \$100,000.

NOTE 11 - Risk Management:

RIL is exposed to various risks of loss related to torts, theft, damage to and destruction of assets, for which **RIL** carries commercial insurance. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

NOTE 12 - Fair Value of Financial Instruments:

The carrying value of cash, amounts and grants receivable, and payables approximate fair value because of the short maturities of these items.

NOTE 13 - Mortgages Receivable:

According to an agreement with the City of New Orleans, **RIL** received, in prior years, HOPE III Federal grant funds which were used to acquire, rehabilitate and resell single-family homes to low-income families. **RIL** holds restricted second mortgages on the loans advanced to these qualified homebuyers. These second mortgages are non-interest bearing. No payments are made on the principal and in the seventh year, begin a fourteen year schedule of forgiveness. Since the likelihood that **RIL** will realize any material value from sales of properties are remote, no amount of mortgages receivable is reported in the financial statements of **RIL** at September 30, 2003.

RESOURCES FOR INDEPENDENT LIVING, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 14 - Prior Period Adjustment:

Net deficit at October 1, 2002, has been adjusted to correct an error relating to payroll tax expenses related to the 2002 fiscal year. Had the error not been made, the change in net deficit would have increased by \$17,945 at September 30, 2002.

SUPPLEMENTARY INFORMATION

RESOURCES FOR INDEPENDENT LIVING, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2003

<u>Federal Grantor/Pass-Through Grantor/Program</u>	<u>Federal CFDA Number</u>	<u>Grant Number</u>	<u>Expenditures</u>
U.S. Department of Education:			
Direct Program:			
Centers for Independent Living	84.132A	930053/940012	\$ <u>394,249</u>
Total U.S. Department of Education			\$ <u>394,249</u>
U.S. Department of Housing and Urban Development:			
Pass-through program from City of New Orleans -			
Community Development Block Grant:			
Project Open House	14.218	CD#10-057(95)	\$ <u>14,208</u>
Total U.S. Department of Housing and Urban Development			\$ <u>14,208</u>
Total Expenditures of Federal Awards			\$ <u>408,457</u>

NOTE: Basis of Presentation:

The accompanying schedule of expenditures of federal awards includes the federal grant activity of **Resources for Independent Living, Inc.** and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

See Independent Auditors' Report on Supplementary Information.



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INDEPENDENT AUDITORS' 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
Resources for Independent Living, Inc.

We have audited the financial statements of **Resources for Independent Living, Inc. (RIL) (a nonprofit organization)** as of and for the year ended September 30, 2003, and have issued our report thereon dated March 24, 2004. 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 **RIL'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.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(CONTINUED)

Internal Control Over Financial Reporting

In planning and performing our audit, we considered **RIL'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. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect **RIL's** ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Summary Schedule of Findings and Questioned Costs as items 03-01 to 03-03.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above is a material weakness.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(CONTINUED)

This report is intended solely for the information and use of RIL's Board, management, the Legislative Auditor for the State of Louisiana, 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. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

March 24, 2004



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

To the Board of Directors
Resources for Independent Living, Inc.

Compliance

We have audited the compliance of **Resources for Independent Living, Inc. (RIL)** (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 September 30, 2003. **RIL's** major federal program is identified in the summary of auditors' results section of the accompanying *Summary 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 **RIL's** management. Our responsibility is to express an opinion on **RIL's** compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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 previously referred to that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about **RIL'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 of our opinion. Our audit does not provide a legal determination of **RIL's** compliance with those requirements.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
(CONTINUED)

In our opinion, **RIL** complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended September 30, 2003.

Internal Control Over Compliance

The management of **RIL** 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 **RIL**'s internal control over compliance with requirements that could have a direct and material effect on a major federal program in order 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.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
(CONTINUED)

This report is intended solely for the information and use of RIL's Board, management, the Legislative Auditor for the State of Louisiana, 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. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

March 24, 2004

RESOURCES FOR INDEPENDENT LIVING, INC.
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2003

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: **Unqualified**

Internal control over financial reporting:

- Material weakness(es) identified? **No**
- Reportable condition(s) identified that are not considered to be material weaknesses? **Yes**

Non-compliance material to financial statements noted? **No**

Federal Awards

Internal Control over major program:

- Material weakness(es) identified: **No**
- Reportable condition(s) identified that are not considered to be material weaknesses? **No**

Type of auditors' report issued on compliance for major program: **Unqualified**

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? **No**

RESOURCES FOR INDEPENDENT LIVING, INC.
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2003

Section I - Summary of Auditors' Results

Identification of major program:

CFDA NUMBER

NAME OF FEDERAL PROGRAM

84.132A

Centers for Independent Living

Dollar threshold used to distinguish
between type A and type B programs:

\$300,000

Auditee qualified as a low-risk auditee?

No

RESOURCES FOR INDEPENDENT LIVING, INC.
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2003

Section II - Financial Statement Findings

03-01 Delinquent State Withholding Taxes

Criteria

Louisiana laws require the timely payment of state employee tax withholdings.

Condition

As of September 30, 2003, **RIL** is obligated for the payment of approximately \$40,000 in delinquent state withholding taxes.

Effect

Assessment of significant penalties and interest.

Cause

RIL failed to adhere to procedures relating to the timely payment of payroll taxes.

Recommendation

We recommend that **RIL** take the necessary steps to ensure that state withholding taxes are timely made to the State of Louisiana.

Management's Response

Once the tax delinquency was brought to the attention of management, management investigated this matter and made payment arrangements with the State of Louisiana to fully pay the delinquent balance by the end of the September 30, 2004 fiscal year.

RESOURCES FOR INDEPENDENT LIVING, INC.
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2003

Section II - Financial Statement Findings, Continued

03-02 Financial Reporting

Criteria

RIL procedures requires accurate and timely prepared interim and year-end financial statements.

Condition

As in the prior year, accurate year-end and interim financial statements were not prepared on a timely basis.

Effect

The Board and management of **RIL** is not able to effectively analyze financial information if financial reports are significantly inaccurate and untimely.

Cause

RIL has not adhered to its financial reporting procedures.

Recommendation

RIL should take steps to ensure that year-end and interim financial statements are timely and accurate for the Board and management reviews.

RESOURCES FOR INDEPENDENT LIVING, INC.
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2003

Section II - Financial Statement Findings, Continued

03-02 Financial Reporting, Continued

Management's Response

In December 2002, the management of **RIL** attended intensive training with the developers of the accounting software. Based on the training received, management has made significant progress with the reporting of financial information from the accounting system and will timely prepare interim financial statements beginning immediately during the 2004 fiscal year.

RESOURCES FOR INDEPENDENT LIVING, INC.
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2003

Section II - Financial Statement Findings, Continued

03-03 General Ledger Review

Criteria

An entity should establish and maintain internal controls designed to provide reasonable assurance regarding the effectiveness and efficiency of operations and the reliability of financial reporting.

Condition

RIL did not perform timely general ledger reviews to ensure the accuracy of transactions being recorded to the general ledger.

Effect

Financial information obtained from account balances of the general ledger may be unreliable for management's use.

Cause

RIL has not adhered to procedures established to review the general ledger on a monthly basis.

Recommendation

We recommend that **RIL** follows established procedures that requires the general ledger to be reviewed monthly to ensure that account balances are accurate.

RESOURCES FOR INDEPENDENT LIVING, INC.
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2003

Section II - Financial Statement Findings, Continued

03-03 General Ledger Review, Continued

Management's Response

Management concurs with the auditors' finding and recommendation and has presently instituted procedures for the comprehensive review of the general ledger to be performed by the accounting staff.

RESOURCES FOR INDEPENDENT LIVING, INC.
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2003

Section III - Federal Award Findings and Questioned Costs

No federal award findings and questioned costs were reported for the year ended September 30, 2003.

RESOURCES FOR INDEPENDENT LIVING, INC.
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2003

SECTION I - Internal Control and Compliance Material to the Financial Statements

02-01 Payroll Tax

We recommended that **RIL** take the necessary steps to ensure that payroll taxes and related withholdings are timely made to the State of Louisiana and the Internal Revenue Service.

Current Status

Partially. Payroll taxes and related withholdings have been timely made to the IRS, however, **RIL** still remains delinquent on payment of withholdings to the State of Louisiana. See current year Finding 03-01.

02-02 Financial Reporting

RIL should take steps to ensure that year end and interim financial statements are timely and accurate for the Board and management reviews.

Current Status

Unresolved. See current year finding 03-02.

RESOURCES FOR INDEPENDENT LIVING, INC.

EXIT CONFERENCE

An exit conference was held on Tuesday, April 6, 2004 with representatives of **RIL**. The contents of this report were discussed and management indicated their concurrence in all material aspects. The following were in attendance in this conference as well as previous discussions:

RESOURCES FOR INDEPENDENT LIVING, INC.

Mrs. Yavonka Archaga, CPA	--	Executive Director
Ms. Simone Randall	--	Accounting Manager

BRUNO & TERVALON LLP, CERTIFIED PUBLIC ACCOUNTANTS

Mr. Larry Jones, CPA	--	Manager
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