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**CENTRAL LOUISIANA AIDS  
SUPPORT SERVICES, INC.**

**FINANCIAL STATEMENTS**

December 31, 1995

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 7-31-96

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**INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
Central Louisiana AIDS  
Support Services, Inc.

We have audited the accompanying statement of financial position of Central Louisiana AIDS Support Services, Inc. (CLASS) (a nonprofit organization) as of December 31, 1995, 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; *Government Auditing Standards*, issued by the Comptroller General of the United States; and the provisions of Office of Management and Budget Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Institutions." Those standards and OMB Circular A-133 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 CLASS as of December 31, 1995, 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 a report dated June 3, 1996, on our consideration of Class' internal control structure and a report dated June 3, 1996, on its compliance with laws and regulations.

*Oestriecher & Company*  
OESTRIECHER & COMPANY  
Certified Public Accountants

June 3, 1996

**Central Louisiana AIDS  
Support Services, Inc.**

**Statement of Financial Position**

**December 31, 1995**

**Assets**

<b>Current assets</b>	
Cash	\$110,856
Accounts receivable	90,019
Other receivables	<u>129</u>
<b>Total current assets</b>	201,004
Furniture and equipment (net of depreciation of \$16,859)	8,990
Investments	10,455
Deposits	<u>496</u>
<b>Total assets</b>	<u><u>\$220,945</u></u>

**Liabilities and Net Assets**

<b>Current liabilities</b>	
Accounts payable	\$2,718
Payroll taxes payable	<u>5,955</u>
<b>Total current liabilities</b>	8,673
<b>Net assets</b>	
Unrestricted	<u>212,272</u>
<b>Total liabilities and net assets</b>	<u><u>\$220,945</u></u>

See accompanying notes to financial statements

**Central Louisiana AIDS  
Support Services, Inc.  
Statement of Activities**

**For the year then ended December 31, 1995**

<b>Unrestricted net assets</b>	
<b>Public support and revenues</b>	
<i>Public support</i>	
Contributions	\$5,401
Grants	423,875
<b>Total public support</b>	<u>429,276</u>
<i>Revenues</i>	
Membership dues	458
Fund raising	12,160
Interest income	457
Program service fees	17,517
Administrative fees	23,975
<b>Total revenues</b>	<u>54,567</u>
<b>Total unrestricted public support and revenues</b>	<u>483,843</u>
<b>Expenses</b>	
Program services	400,705
Management and general	27,918
Fund raising	1,789
<b>Total expenses</b>	<u>430,412</u>
<b>Increase in unrestricted net assets</b>	53,431
<b>Net assets, January 1, 1995</b>	<u>158,841</u>
<b>Net assets, December 31, 1995</b>	<u><u>\$212,272</u></u>

**See accompanying notes to financial statements**

**Central Louisiana AIDS  
Support Services, Inc.**

**Statement of Functional Expenses**

**For the year ended December 31, 1995**

	<u>Supporting Services</u>			<u>Total</u>
	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	
	\$284,548	\$9,050	\$0	\$293,598
Salaries, wages, and contract labor	15,409	475	0	15,884
Payroll tax expenses	14,620	1,788	0	16,408
Administrative expense	245	0	0	245
Advertising and promotion	45	28	0	73
Bank charges	0	3,042	0	3,042
Depreciation	33,926	0	0	33,926
Direct services	0	103	0	103
Donations	420	280	0	700
Dues and subscriptions	462	677	0	1,139
Education	4,863	0	0	4,863
Emergency assistance	0	594	0	594
Equipment rental	0	179	0	179
Floral expense	0	0	1,789	1,789
Fundraising expenses	2,723	483	0	3,206
Insurance expense	884	0	0	884
Meeting expense	3,626	3,117	0	6,743
Office supplies and expense	180	0	0	180
Pest control	4,183	0	0	4,183
Postage	0	29	0	29
Printing	5,739	0	0	5,739
Professional expense	7,619	0	0	7,619
Rent expense	1,127	0	0	1,127
Repairs and maintenance	3,522	1,490	0	5,012
Seminars	5	213	0	218
Taxes and licenses	6,840	117	0	6,957
Telephone	1,089	0	0	1,089
Transportation assistance	5,885	4,112	0	9,997
Travel and lodging	2,745	0	0	2,745
Utilities	0	2,141	0	2,141
Volunteer recognition				
<b>Total</b>	<b><u>\$400,705</u></b>	<b><u>\$27,918</u></b>	<b><u>\$1,789</u></b>	<b><u>\$430,412</u></b>

See accompanying notes to financial statements

**Central Louisiana AIDS  
Support Services, Inc.**

**Statement of Cash Flows**

**For the year ended December 31, 1995**

<b>Cash flows from operating activities</b>	
Increase in net assets	\$53,431
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	3,042
Changes in operating assets and liabilities:	
Accounts receivable	(18,659)
Investments	(10,455)
Accounts payable	(7,411)
Payroll taxes payable	1,846
	<hr/>
<b>Net cash provided by operating activities</b>	<b>21,794</b>
<b>Cash flows from investing activities</b>	
Purchase of equipment	(6,145)
<b>Cash, beginning of year</b>	<hr/> 95,207
<b>Cash, end of year</b>	<hr/> <hr/> <b>\$110,856</b>
<b>Supplemental information:</b>	
Interest paid in 1995	\$0
Income taxes paid in 1995	\$0

**See accompanying notes to financial statements**

**NOTES TO THE FINANCIAL STATEMENTS**



**Central Louisiana AIDS  
Support Services, Inc.**

**Notes to the Financial Statements  
December 31, 1995**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Fixed Assets**

Central Louisiana AIDS Support Services, Inc. (CLASS), follows the practice of capitalizing all expenditures for equipment that have an estimated useful life of more than one year. For assets placed in service before January 1, 1995, depreciation is provided on the double-declining method over the estimated useful lives of the depreciable assets. For assets placed in service after December 31, 1994, depreciation is provided on the straight line method over the estimated useful lives of the depreciable assets.

**Donated Materials**

Donated materials are recognized as contributions in the financial statements at their estimated values at the date of receipt. There were no donated materials or assets recorded on the books for the year ended December 31, 1995.

**Support and Revenue Recognition**

Contributions are recognized as support when received. All contributions are considered available for unrestricted use unless specifically restricted by the donor. Dues are recognized as revenues when received, and federal grants are recognized as support when accrued. All dues are considered available for unrestricted use, and federal grants are restricted for expenditures in accordance with the agreement between CLASS and the Office of Public Health, State of Louisiana.

Revenue for federal grants is recorded based on expenses incurred since these grants are on a cost-reimbursement basis.

**Income Taxes**

CLASS is exempt from federal income tax under Section 501 (c) (3) of the United States Internal Revenue Code. Contributions to CLASS are tax deductible.

**Statement of Cash Flows**

For the purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

**Central Louisiana AIDS  
Support Services, Inc.**

**Notes to the Financial Statements  
December 31, 1995**

**2. NATURE OF ACTIVITIES**

CLASS was formed to provide information relating to AIDS to members of the Central Louisiana community. AIDS testing is provided, along with counseling of AIDS patients, as well as education of the public concerning the prevention of AIDS.

**3. LEASE COMMITMENT**

Beginning January 1, 1989, CLASS entered into a lease agreement for office space on a month-to-month basis at the rate of \$400 per month.

**4. EQUIPMENT**

As of December 31, 1995, the cost and accumulated depreciation for fixed assets are as follows:

	<u>Cost</u>	<u>Accumulated Depreciation</u>
Equipment	<u>\$25,849</u>	<u>\$16,859</u>

Depreciation expense for the period was \$3,042.

**5. ALLOWANCE FOR UNCOLLECTIBLE RECEIVABLES**

No provision has been made for uncollectible receivables since management considers all receivables collectible.

**6. INVESTMENTS**

Investments consist of a tower cash reserve fund. It is stated at cost, which approximates the market value.

**7. COMPENSATED ABSENCES**

The organization's obligation for employee's rights to receive compensation for future absences (such as vacation) was not material as of December 31, 1995, and thus is not recognized in the accompanying financial statements.



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## INDEPENDENT AUDITORS' REPORT ON SCHEDULE OF FEDERAL AWARDS

To the Board of Directors  
Central Louisiana AIDS  
Support Services, Inc.

We have audited the financial statements of Central Louisiana AIDS Support Services, Inc. (CLASS) (a nonprofit organization) for the year ended December 31, 1995, and have issued our report thereon dated June 3, 1996. 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; *Government Auditing Standards*, issued by the Comptroller General of the United States; and the provisions of Office of Management and Budget Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Institutions". Those standards and OMB Circular A-133 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.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of Central Louisiana AIDS Support Services, Inc. taken as a whole. The accompanying Schedule of Federal Awards is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

  
OESTRIECHER & COMPANY  
Certified Public Accountants

June 3, 1996

**Central Louisiana AIDS  
Support Services, Inc.**

**Schedule of Federal Awards  
For the year ended December 31, 1995**

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Disbursements/ Expenditures</u>
Major Program		
Department of Health and Human Services HIV/AIDS Services Program	93.118	\$89,190
Department of Health and Human Services HIV/AIDS Services Program	93.918	143,548
Department of Health and Human Services Public Health Services Health Resources and Service Administration Division for HIV Services Program	93.917	<u>119,791</u>
Total Major Program		352,529
Other Federal Assistance		
Department of Health and Human Services Public Health Services Maternal and Child Health Home Visiting Program	93.994	<u>48,176</u>
Total Federal Awards		<u><u>\$400,705</u></u>



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## INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL STRUCTURE BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors  
Central Louisiana AIDS  
Support Services, Inc.

We have audited the financial statements of Central Louisiana AIDS Support Services, Inc. (CLASS) (a nonprofit organization) as of and for the year ended December 31, 1995, and have issued our report thereon dated June 3, 1996.

We conducted our audit in accordance with generally accepted auditing standards; *Government Auditing Standards*, issued by the Comptroller General of the United States; and the provisions of Office of Management and Budget Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Institutions." Those standards and OMB Circular A-133 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 CLASS is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of 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 CLASS for the year ended December 31, 1995, we obtained an understanding of the internal control structure. With respect to

the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

This report is intended for the information of the board of directors, management and the Department of Health and Human Services. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

A handwritten signature in cursive script that reads "Oestriecher & Company". The signature is written in dark ink and is positioned to the right of the printed company name.

OESTRIECHER & COMPANY  
Certified Public Accountants

June 3, 1996



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

To the Board of Directors  
Central Louisiana AIDS  
Support Services, Inc.

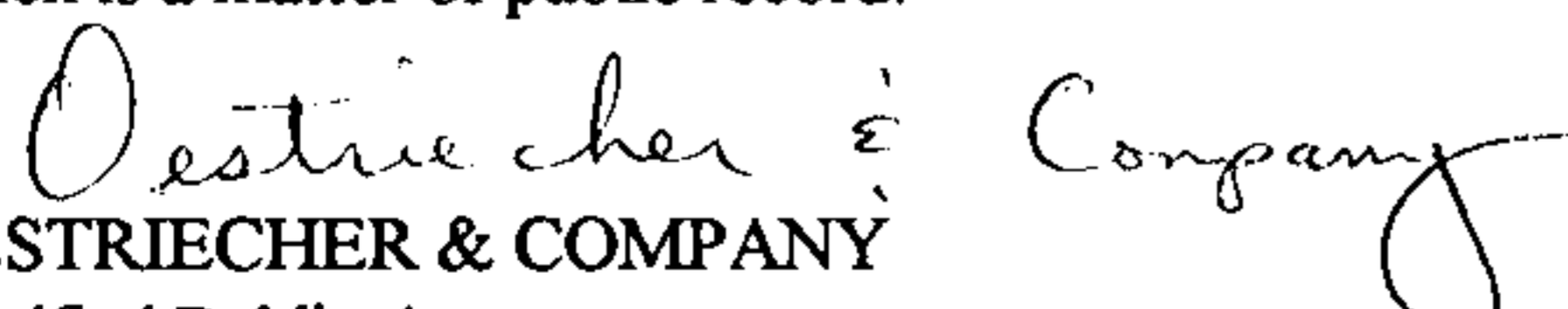
We have audited the financial statements of Central Louisiana AIDS Support Services, Inc. (CLASS) (a nonprofit organization) as of and for the year ended December 31, 1995, and have issued our report thereon dated June 3, 1996.

We conducted our audit in accordance with generally accepted auditing standards; *Government Auditing Standards*, issued by the Comptroller General of the United States; and the provisions of Office of Management and Budget Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Institutions". Those standards and OMB Circular A-133 require the 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 CLASS is the responsibility of CLASS' management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of CLASS' compliance with certain provisions of laws, regulations, contracts, and grants. However, our objective was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

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

This report is intended for the information of the board of directors, management and the Department of Health and Human Services. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

  
OESTRIECHER & COMPANY  
Certified Public Accountants

June 3, 1996



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## INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL STRUCTURE USED IN ADMINISTERING FEDERAL AWARDS

To the Board of Directors  
Central Louisiana AIDS  
Support Services, Inc.

We have audited the financial statements of Central Louisiana AIDS Support Services, Inc. (CLASS) (a nonprofit organization) as of and for the year ended December 31, 1995, and have issued our report thereon dated June 3, 1996. We have also audited the Organization's compliance with requirements applicable to major federal award programs and have issued our report thereon dated June 3, 1996.

We conducted our audits in accordance with generally accepted auditing standards; *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Institutions". Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and about whether the Organization complied with laws and regulations, noncompliance with which would be material to a major federal award program.

In planning and performing our audit of the financial statements of CLASS for the year ended December 31, 1995, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing opinions on the financial statements and on its compliance with requirements applicable to major programs and to report on the internal control structure in accordance with OMB Circular A-133. This report addresses our consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal award programs. We have addressed internal control structure policies and procedures relevant to our audit of the financial statements in a separate report dated June 3, 1996.

The management of CLASS 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

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SOCIETY OF LOUISIANA CERTIFIED PUBLIC ACCOUNTANTS



objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles, and that federal award programs are managed in compliance with applicable laws and regulations. Because of inherent limitations in any internal control structure, errors, irregularities, or instances of noncompliance 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.

For the purpose of this report, we have classified the significant internal control structure policies and procedures used in administering federal award programs in the following categories: (1) cash; (2) support, receivables, and receipts; (3) expenses for program and supporting services and accounts payable.

For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and determined whether they have been placed in operation, and we assessed control risk.

During the year ended December 31, 1995, CLASS expended 100% of its total federal awards under major programs.

We performed tests of controls, as required by OMB Circular A-133, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements and amounts claimed or used for matching that are applicable to the Organization's major federal award programs, which are identified in the accompanying Schedule of Federal Awards. Our procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure policies and procedures used in administering federal awards would not necessarily disclose all matters in the internal control structure that might constitute 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 one or more of the internal control structure elements does not reduce to a relatively low level the risk that noncompliance with laws and regulations that would be material to a federal award program may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operations that we consider to be material weaknesses as defined above.

This report is intended for the information of the board of directors, management, and the Department of Health and Human Services. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

*Oestriecher & Company*  
OESTRIECHER & COMPANY  
Certified Public Accountants

June 3, 1996



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## INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH THE GENERAL REQUIREMENTS APPLICABLE TO FEDERAL AWARD PROGRAMS

To the Board of Directors  
Central Louisiana AIDS  
Support Services, Inc.

We have audited the financial statements of Central Louisiana AIDS Support Services, Inc. (CLASS) (a nonprofit organization) as of and for the year ended December 31, 1995, and have issued our report thereon dated June 3, 1996.

We have applied procedures to test CLASS' compliance with the following requirements applicable to its federal awards programs, which are identified in the accompanying Schedule of Federal Awards, for the year ended December 31, 1995: political activity, civil rights, cash management, federal financial reports, allowable costs/cost principles, Drug-free Workplace Act, and administrative requirements.

Our procedures were limited to the applicable procedures described in the Office of Management and Budget's "Compliance Supplement for Audits of Educational Institutions and Other Nonprofit Institutions". Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on CLASS' compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of our procedures disclosed no material instances of noncompliance with the requirements listed in the second paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that CLASS had not complied, in all material respects, with those requirements.

This report is intended for the information of the board of directors, management, and the Department of Health and Human Services. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

*Oestriecher & Company*  
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## INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH SPECIFIC REQUIREMENTS APPLICABLE TO MAJOR FEDERAL AWARD PROGRAMS

To the Board of Directors  
Central Louisiana AIDS  
Support Services, Inc.

We have audited the financial statements of Central Louisiana AIDS Support Services, Inc. (CLASS) (a nonprofit organization) as of and for the year ended December 31, 1995, and have issued our report thereon dated June 3, 1996.

We have also audited CLASS' compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; claims for advances and reimbursements; and amounts claimed or used for matching that are applicable to each of its major federal award programs, which are identified in the accompanying Schedule of Federal Awards, for the year ended December 31, 1995. The management of CLASS is responsible for the Organization's compliance with those requirements. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit of compliance with those requirements in accordance with generally accepted auditing standards; *Government Auditing Standards*, issued by the Comptroller General of the United States; and the provisions of Office of Management and Budget Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Institutions". Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures did not disclose any immaterial instances of noncompliance with the requirements referred to above.

In our opinion, CLASS complied, in all material respects, with the specific requirements referred to in the second paragraph that are applicable to each of its major federal award programs for the year ended December 31, 1995.

This report is intended for the information of the board of directors, management, and the Department of Health and Human Services. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

*Oestriecher & Company*  
OESTRIECHER & COMPANY  
Certified Public Accountants

June 3, 1996



# OESTRIECHER & COMPANY

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## INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH SPECIFIC REQUIREMENTS APPLICABLE TO NONMAJOR FEDERAL AWARD PROGRAM TRANSACTIONS

To the Board of Directors  
Central Louisiana AIDS  
Support Services, Inc.

We have audited the financial statements of Central Louisiana AIDS Support Services, Inc. (CLASS) (a nonprofit organization) as of and for the year ended December 31, 1995, and have issued our report thereon dated June 3, 1996.

In connection with our audit of the financial statements of CLASS and with our consideration of the Organization's internal control structure used to administer federal programs, as required by Office of Management and Budget Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Institutions," we selected certain transactions applicable to certain nonmajor federal award programs for the year ended December 31, 1995. As required by OMB Circular A-133, we performed auditing procedures to test compliance with the requirements governing types of services allowed or not allowed, eligibility, and reporting that are applicable to those transactions. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on CLASS' compliance with these requirements. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of our procedures disclosed no material instances of noncompliance with the requirements listed in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that CLASS had not complied, in all material respects, with those requirements. Also, the results of our procedures did not disclose any immaterial instances of noncompliance with those requirements.

This report is intended for the information of the board of directors, management, and the Department of Health and Human Services. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

*Oestriecher & Company*  
OESTRIECHER & COMPANY  
Certified Public Accountants

June 3, 1996