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**UNITED CEREBRAL PALSY
OF GREATER NEW ORLEANS, INC.**

**FINANCIAL STATEMENTS AND INDEPENDENT
AUDITORS' REPORT**

JUNE 30, 1996

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 12/21/96

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INDEPENDENT AUDITORS' REPORT ON
BASIC FINANCIAL STATEMENTS AND
ACCOMPANYING SCHEDULES

To the Board of Directors of
United Cerebral Palsy of
Greater New Orleans, Inc.
New Orleans, Louisiana

Receipt Acknowledged
Legislative Auditor

By _____

We have audited the accompanying statements of financial position of United Cerebral Palsy of Greater New Orleans, Inc. (UCP) as of June 30, 1996 and 1995, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of UCP's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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 audits 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, UCP's financial position as of June 30, 1996 and 1995, and the results of its operations 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 reports dated August 7, 1996, on our consideration of UCP's internal control structure, and on UCP's compliance with laws and regulations.

Our audits were made for the purpose of forming an opinion on the basic financial statements of UCP taken as a whole. The accompanying schedules of federal awards and income and expenses by program for the year ended June 30, 1996, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The information in those schedules has been subjected to the procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Legier & Materne

August 7, 1996

UNITED CEREBRAL PALSY OF GREATER NEW ORLEANS, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 1996 AND 1995

	1996	1995
ASSETS		
Cash and cash equivalents	\$ 138,237	\$ 121,109
Contract fees and grants receivable, less allowance for uncollectibles of \$4,989 and \$15,306 in 1996 and 1995	124,178	245,160
Prepaid insurance	3,326	3,702
Certificate of deposit	58,295	12,761
Investments	4,056	3,656
Equipment and leasehold improvements, less accumulated depreciation and amortization	148,546	167,257
Prepaid pension costs	72,953	46,724
Other assets	53,106	14,258
Total assets	<u>\$ 602,697</u>	<u>\$ 614,627</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 22,347	\$ 61,427
Accrued payroll	16,170	9,623
Accrued employee benefits	22,587	20,971
Notes payable	26,296	37,637
Total liabilities	<u>87,400</u>	<u>129,658</u>
Net assets:		
Unrestricted	438,597	481,852
Temporarily restricted	76,700	3,117
Total net assets	<u>515,297</u>	<u>484,969</u>
Total liabilities and net assets	<u>\$ 602,697</u>	<u>\$ 614,627</u>

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

UNITED CEREBRAL PALSY OF GREATER NEW ORLEANS, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 1996

	Unrestricted	Temporarily Restricted	Total
PUBLIC SUPPORT AND REVENUE			
Public Support:			
Allocation from United Way		\$ 387,697	\$ 387,697
Contributions - corporate sponsors	\$ 25,439		25,439
Contributions - general public	44,348	4,524	48,872
Contributions in-kind	50,296		50,296
Special events	62,939		62,939
Total public support	<u>183,022</u>	<u>392,221</u>	<u>575,243</u>
Revenue:			
Government fees and grants		564,578	564,578
Program service fees	1,013,199		1,013,199
Investment income	3,895		3,895
Sales to public	194,145		194,145
Other income	1,412		1,412
Total revenue	<u>1,212,651</u>	<u>564,578</u>	<u>1,777,229</u>
Net assets released from restrictions:			
Satisfaction of program restrictions	917,945	(917,945)	
Expiration of time restrictions	8,000	(8,000)	
Total support and revenue	<u>2,321,618</u>	<u>30,854</u>	<u>2,352,472</u>
EXPENSES			
Program services:			
Adult Program	822,433		822,433
Children's Program	411,628		411,628
Sports Program	18,791		18,791
Consumer Residential Services	711,903		711,903
Total program services	<u>1,964,755</u>		<u>1,964,755</u>
Supporting services:			
Management and general	196,060		196,060
Fund raising	161,329		161,329
Total supporting services	<u>357,389</u>		<u>357,389</u>
Total expenses	<u>2,322,144</u>		<u>2,322,144</u>
Change in net assets before cumulative effect of a change in accounting principle	(526)	30,854	30,328
Cumulative effect on prior years of accounting change	(42,729)	42,729	
CHANGE IN NET ASSETS	<u>(43,255)</u>	<u>73,583</u>	<u>30,328</u>
Net Assets, Beginning of Period	<u>481,852</u>	<u>3,117</u>	<u>484,969</u>
Net Assets, End of Period	<u>\$ 438,597</u>	<u>\$ 76,700</u>	<u>\$ 515,297</u>

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

UNITED CEREBRAL PALSY OF GREATER NEW ORLEANS, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 1995

	Unrestricted	Temporarily Restricted	Total
PUBLIC SUPPORT AND REVENUE			
Public Support:			
Allocation from United Way		\$ 382,914	\$ 382,914
Contributions - corporate sponsors	\$ 28,831		28,831
Contributions - general public	51,954	3,393	55,347
Special events	43,208		43,208
Total public support	<u>123,993</u>	<u>386,307</u>	<u>510,300</u>
Revenue:			
Government fees and grants		581,429	581,429
Program service fees	882,315		882,315
Investment income	4,220		4,220
Sales to public	180,143		180,143
Gain on disposition of assets	43,096		43,096
Other income	1,663		1,663
Total revenue	<u>1,111,437</u>	<u>581,429</u>	<u>1,692,866</u>
Net assets released from restrictions:			
Satisfaction of program restrictions	968,296	(968,296)	
Total support and revenue	<u>2,203,726</u>	<u>(560)</u>	<u>2,203,166</u>
EXPENSES			
Program services:			
Adult Program	833,664		833,664
Children's Program	412,384		412,384
Sports Program	17,332		17,332
Consumer Residential Services	521,810		521,810
Case Management Program	25,475		25,475
Total program services	<u>1,810,665</u>		<u>1,810,665</u>
Supporting services:			
Management and general	177,817		177,817
Fund raising	148,651		148,651
Total supporting services	<u>326,468</u>		<u>326,468</u>
Total expenses	<u>2,137,133</u>		<u>2,137,133</u>
CHANGE IN NET ASSETS	66,593	(560)	66,033
Other changes in fund balances:			
Transfers	2,900	(2,900)	
Net Assets, Beginning of Period	412,359	6,577	418,936
Net Assets, End of Period	<u>\$ 481,852</u>	<u>\$ 3,117</u>	<u>\$ 484,969</u>

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

UNITED CEREBRAL PALSY OF GREATER NEW ORLEANS, INC.
STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 1996

	Program Services					Supporting Services			Total
	Adult Program	Children's Program	Sports Program	Consumer Residential Services	Management and General	Fund Raising			
Salaries and employee benefits	\$ 634,091	\$ 200,693	\$ 7,999	\$ 668,134	\$ 151,866	\$ 70,646	\$	\$ 1,733,429	
Contributed services and materials	659	48,896	12	11,281	8,941	22,807	50	71,703	
Professional fees	50,798	51,327	262	6,435	2,955	10,601		72,270	
Supplies	3,192	9,386		1,542	2,047			80,437	
Telephone	678	2,559	89	370	1,275	1,152		10,492	
Postage and shipping	41,827	1,874		16,510	14,948	1,124		5,410	
Occupancy	1,722	70,020		1,988	742	7,902		151,207	
Equipment repairs and maintenance	70	1,674		150	54	376		6,502	
Printing and publications	47,845	336		2,593	1,055			610	
Travel and transportation	5,453	1,019	8,669	2,348	6,663	365		52,877	
Meetings and conferences	1,665	1,658		(3,104)		488		25,279	
Bad debt expense	174	14,722		942	245			13,283	
Membership dues & national sharing	1,502	20			3,695	41,546		41,985	
Miscellaneous expense	789,676	2,315		709,189	194,486	3,103		11,557	
Total expenses before depreciation	<u>32,757</u>	<u>406,499</u>	<u>17,031</u>	<u>711,903</u>	<u>196,060</u>	<u>160,160</u>		<u>2,277,041</u>	
Depreciation and amortization		5,129	1,760	2,714	1,574	1,169		45,103	
Total expenses	<u>\$ 822,433</u>	<u>\$ 411,628</u>	<u>\$ 18,791</u>	<u>\$ 711,903</u>	<u>\$ 196,060</u>	<u>\$ 161,329</u>		<u>\$ 2,322,144</u>	

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

UNITED CEREBRAL PALSY OF GREATER NEW ORLEANS, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 1995

	Program Services						Supporting Services			Total
	Adult Program	Children's Program	Sports Program	Consumer Residential Services	Case Management	Management and General	Fund Raising			
Salaries and employee benefits	\$ 652,402	\$ 273,134	\$ 2,628	\$ 491,937	\$ 18,960	\$ 141,402	\$ 62,474	\$	\$ 1,642,937	
Professional fees	1,494	49,390	4,580	3,190	3,200	11,256	500		73,610	
Supplies	55,531	4,930	550	4,332	269	3,950	25,885		95,447	
Telephone	2,609	1,494	16	885	326	1,268	822		7,420	
Postage and shipping	1,050	1,941	156	376	120	1,622	1,013		6,278	
Occupancy	35,776	50,893	3	10,249	1,090	7,137	4,357		109,505	
Equipment repairs and maintenance	3,289	1,605		1,112	18	1,411	317		7,752	
Printing and publications	625			198	91	786	131		1,831	
Travel and transportation	46,161			1,554	352	1,035	523		49,625	
Meetings and conferences	4,107	1,457	7,231	582	144	3,977	1,199		18,697	
Bad debt expense	3,006	20,044		5,795	716				29,561	
Membership dues & national sharing	609	20	50			345	48,833		49,857	
Miscellaneous expense	1,325	3,711	75	269	13	1,680	264		7,337	
Total expenses before depreciation	<u>807,984</u>	<u>408,619</u>	<u>15,289</u>	<u>520,479</u>	<u>25,299</u>	<u>175,869</u>	<u>146,318</u>		<u>2,099,857</u>	
Depreciation and amortization	<u>25,680</u>	<u>3,765</u>	<u>2,043</u>	<u>1,331</u>	<u>176</u>	<u>1,948</u>	<u>2,333</u>		<u>37,276</u>	
Total expenses	<u>\$ 833,664</u>	<u>\$ 412,384</u>	<u>\$ 17,332</u>	<u>\$ 521,810</u>	<u>\$ 25,475</u>	<u>\$ 177,817</u>	<u>\$ 148,651</u>		<u>\$ 2,137,133</u>	

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

UNITED CEREBRAL PALSY OF GREATER NEW ORLEANS, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 1996 AND 1995

	1996	1995
Cash flows from operating activities:		
Change in net assets	\$ 30,328	\$ 66,033
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	45,103	37,276
Bad debt expense	13,283	29,561
Loss (gain) on disposition of assets	600	(43,096)
Non-cash income		(461)
Contributions in-kind		(30,999)
Changes in assets and liabilities:		
Prepaid insurance	376	(3,704)
Contract fees and grants receivable	107,699	(122,587)
Prepaid pension costs	(26,229)	(46,722)
Other assets	(38,848)	(2,350)
Accounts payable	(39,080)	39,182
Accrued payroll	6,547	1,596
Accrued employee benefits	1,616	(28,446)
Net cash provided by (used in) operating activities	<u>101,395</u>	<u>(104,717)</u>
Cash flows from investing activities:		
Purchase of investments	(400)	
Maturity of certificate of deposit	13,400	
Purchase of certificate of deposit	(58,934)	
Insurance proceeds from flood damage to equipment		46,700
Proceeds from sale of equipment	150	
Purchase of equipment	<u>(27,142)</u>	<u>(83,245)</u>
Net cash used in investing activities	<u>(72,926)</u>	<u>(36,545)</u>
Cash flows from financing activities:		
Proceeds from notes payable		32,647
Payments on notes payable	<u>(11,341)</u>	<u>(5,419)</u>
Net cash provided by (used in) financing activities	<u>(11,341)</u>	<u>27,228</u>
Net increase (decrease) in cash and cash equivalents	17,128	(114,034)
Cash and cash equivalents, beginning of year	<u>121,109</u>	<u>235,143</u>
Cash and cash equivalents, end of year	<u>\$ 138,237</u>	<u>\$ 121,109</u>
Supplemental Disclosures:		
Interest paid	<u>\$ 2,890</u>	<u>\$ 1,057</u>
Non-cash Investing Activity:		
During fiscal 1995, a certificate of deposit in the amount of \$12,300 matured and was renewed for this amount plus interest, totaling \$12,761.		

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

UNITED CEREBRAL PALSY OF GREATER NEW ORLEANS, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Founded in 1950, United Cerebral Palsy of Greater New Orleans, Inc. ("UCP") is a nonprofit organization providing programs and services to improve the quality of life for people with cerebral palsy and other disabilities and also for their families in several southern Louisiana parishes. UCP provides pediatric out-patient treatment, training in athletic development, job placement and support for adults with disabilities, and personal/respite care services in the home.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting.

Change in Accounting Principles

UCP adopted Statement of Financial Accounting Standards (SFAS) No. 116, *Accounting for Contributions Received and Contributions Made*, in fiscal 1996. In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. As permitted by SFAS 116, UCP has recognized the cumulative effect of the provisions of this new Statement in its 1996 Statement of Activities. The adjustment of \$42,729 between unrestricted and temporarily restricted support primarily represents the reclassification of restricted government grant funds that, in prior years, had been used to purchase transportation equipment; these assets had previously been reported in the unrestricted fund, and under SFAS 116, they are required to be reported as temporarily restricted net assets. This reclassification has no effect on UCP's total net assets.

In fiscal 1996, UCP adopted Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. As required by SFAS 117, the accompanying 1995 financial statements have been restated to reflect the application of this new standard. Under SFAS No. 117, UCP is required to report information regarding its financial position and activities according to three classes of net assets, as applicable: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, UCP is required to present a Statement of Cash Flows. As permitted by this new Statement, UCP has discontinued its use of fund accounting and has, accordingly, reclassified its financial statements to present the classes of net assets required. The reclassification of the 1995 financial statements had no effect on the total net assets or the change in total net assets.

Cash and Cash Equivalents

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

UNITED CEREBRAL PALSY OF GREATER NEW ORLEANS, INC.

NOTES TO FINANCIAL STATEMENTS

Investments

Investments in marketable common stocks and bonds are reported at cost.

Equipment and Leasehold Improvements

Equipment and leasehold improvements are recorded at cost. UCP capitalizes all expenditures for equipment in excess of \$400; the fair value of donated assets is similarly capitalized. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets (three to ten years). Leasehold improvements are amortized over the life of the lease.

Support and Revenue

Certain revenue received under government grant programs is subject to periodic audits by regulatory bodies. Contributions are generally recorded only upon receipt, unless a pledge of contribution has been received and confirmed. All contributions are considered to be available for unrestricted use unless restricted specifically by the donor.

Donated Materials and Services

Donated materials are reflected as contributions in the accompanying statements at their estimated values at the date of receipt. Donated materials of \$24,359 were received during fiscal 1996, and are included as special events support and contributions in-kind in the accompanying statement of activities.

In addition, a number of physicians have made significant contributions of their time, primarily for the Children's program's clinical services. The value of this contributed time and the corresponding expenses for the year ended June 30, 1996, are \$48,896, and are reflected in these financial statements as contributions in-kind and contributed services and materials. Clinic appointments schedules and average physician rates are used in valuing and recording these donated services.

Donated Property and Equipment

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support, unless the donor has restricted the donated asset to a specific purpose or for use for a specified period of time. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support.

Absent donor stipulations regarding how long those donated assets must be maintained, UCP reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. UCP reclassifies temporarily restricted net assets to unrestricted net assets at that time. If a time restriction has been stipulated by the donor, the expiration of this restriction is reported as the related asset is depreciated.

UNITED CEREBRAL PALSY OF GREATER NEW ORLEANS, INC.

NOTES TO FINANCIAL STATEMENTS

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of 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. UCP's estimates include those regarding the fair value of donations in-kind, the allowance for uncollectible receivables, and pension costs.

Concentrations

UCP's financial instruments that are exposed to concentrations of credit risk consist primarily of cash on deposit at financial institutions. UCP places its financial instruments with high credit quality banks in the Greater New Orleans area. Accounts at each financial institution are insured by the Federal Deposit Insurance Corporation up to \$100,000. Amounts on deposit in excess of insured limits were approximately \$25,786 at June 30, 1996.

Grants received require the fulfillment of certain conditions as set forth in the grant instruments. UCP intends to fulfill the condition of all grants, recognizing that failure to fulfill the conditions could result in the return of the funds to donors. UCP, by accepting the grants and their terms, has agreed to the conditions of the donors. For fiscal 1996 and 1995, government grants represent approximately 26% and 28%, respectively, of UCP's total support and revenue. In addition, approximately 35% and 20% of UCP's net contract fees and grants receivable at June 30, 1996 and 1995, respectively, are comprised of government grants.

Income Taxes

UCP is exempt from Federal income taxes under Section 501 (c)(3) of the Internal Revenue Code and from State income taxes under Section 121 (5) of Title 47 of the Louisiana Revised Statutes of 1950; it is not a private foundation.

Allocation of Functional Expenses

Expenses are summarized on a functional basis. Salaries and related payroll expenses are distributed based upon the time spent for each function. Distribution of all other expenses is based upon management's estimates of the usage applicable to conducting various functional activities.

UNITED CEREBRAL PALSY OF GREATER NEW ORLEANS, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 2 - RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets are available for the following purposes:

	<u>1996</u>	<u>1995</u>
Athletic development	\$2,909	\$2,595
Diaz library purchases	15	522
Sports program equipment	4,264	
Transportation equipment - Adult Program	<u>69,512</u>	
	<u>\$76,700</u>	<u>\$3,117</u>

NOTE 3 - EQUIPMENT AND LEASEHOLD IMPROVEMENTS

At June 30, 1996 and 1995, equipment and leasehold improvements were comprised of the following:

	<u>1996</u>	<u>1995</u>
Transportation equipment	\$166,985	\$181,502
Office furniture and equipment	172,562	163,168
Leasehold improvements	<u>12,956</u>	<u>14,669</u>
	352,503	359,339
Less: Accumulated depreciation and amortization	<u>(203,957)</u>	<u>(192,082)</u>
	<u>\$148,546</u>	<u>\$167,257</u>

NOTE 4 - LEASES

UCP has two operating leases for the rental of office space and workshop operations. Minimum annual lease commitments under the non-cancelable operating leases as of June 30, 1996 are:

1997	\$ 78,200
1998	78,200
1999	78,200
2000	<u>60,200</u>
	<u>\$ 294,800</u>

Rent expense was \$87,325 and \$68,668 for the years ended June 30, 1996 and 1995, respectively.

UNITED CEREBRAL PALSY OF GREATER NEW ORLEANS, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 5 - PENSION PLAN

UCP has a defined benefit pension plan covering substantially all of the employees that have reached twenty-one years of age and one year of service. Assets of the plan are held in a trust fund managed by an insurance company, which is comprised of investments in equity, fixed income and money market securities. The plan is noncontributory and provides pension benefits that are based on employees' credited service and compensation during the final years of employment. Additionally, the plan's benefit formula contains a provision for limited annual cost of living adjustments for retirees.

On June 30, 1995, the plan settled 39.7% of its pension benefit obligation through the purchase of annuity contracts in settlement of the obligation related to certain former employees, resulting in a settlement gain of \$48,260.

The following tables set forth the financial status of the plan at June 30, 1996 and 1995:

	<u>1996</u>	<u>1995</u>
Accumulated benefit obligation:		
Vested	\$307,485	\$265,809
Nonvested	<u>10,179</u>	<u>2,086</u>
	<u>\$317,664</u>	<u>\$267,895</u>
Plan assets at fair value	\$642,853	\$466,214
Projected benefit obligation	<u>466,038</u>	<u>417,267</u>
Plan assets in excess of projected benefit obligation	176,815	48,947
Unamortized net asset from transition	(32,211)	(34,542)
Unrecognized gain	(137,912)	(38,751)
Unrecognized prior service costs	<u>66,261</u>	<u>71,070</u>
Prepaid pension cost	<u>\$ 72,953</u>	<u>\$ 46,724</u>
Net pension expense for fiscal 1996 and 1995 included the following components:		
Service costs	\$ 60,554	\$ 57,933
Interest costs	33,322	49,417
Actual return on plan assets	(111,657)	(98,564)
Net amortization and deferral	<u>72,621</u>	<u>50,434</u>
	54,840	59,220
Settlement gain		<u>(48,260)</u>
Net pension expense	<u>\$ 54,840</u>	<u>\$ 10,960</u>
Assumptions used in the accounting for net pension expense were:		
Discount rate	7.5%	7.5%
Rate of increase in compensation levels	6.0%	6.0%
Long-term rate of return on assets	7.5%	8.0%

UNITED CEREBRAL PALSY OF GREATER NEW ORLEANS, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 6 - UNITED WAY FUNDING

During the year ended June 30, 1996 and 1995, UCP received \$387,697 and \$382,914, respectively, from United Way. These funds were allocated by United Way to the following programs:

	<u>1996</u>	<u>1995</u>
Adult Program	\$ 88,880	\$ 88,000
Children's Program	277,574	277,574
Sports Program	1,822	822
Designations	<u>19,421</u>	<u>16,518</u>
	<u>\$387,697</u>	<u>\$382,914</u>

NOTE 7 - NATIONAL SUPPORT

UCP receives various support from its national organization. In turn, a portion of UCP's public support is paid to the national organization for purposes of fulfilling the organization's mission. Amounts paid to the national organization for the years ended June 30, 1996 and 1995 were \$41,546 and \$48,833, respectively.

NOTE 8 - NOTES PAYABLE

At June 30, 1995, UCP had notes payable to a local bank, due in monthly installments, which were collateralized by vehicles; one of these notes matured in June, 1996. The remaining note bears interest at 8.65%, matures in April, 2000, and is collateralized by a vehicle with a net book value of \$24,485.

Maturities of UCP's notes payable are as follows:

<u>Years Ended June 30</u>	
1997	\$ 5,981
1998	6,629
1999	7,225
2000	<u>6,461</u>
	<u>\$26,296</u>

NOTE 9 - THIRD-PARTY REIMBURSEMENTS

UCP's Consumer Residential Services program is entirely funded through a third party reimbursement arrangement under the MR/DD (Mentally Retarded/Developmentally Disabled) Waiver Program. This program is a Medicaid Home and Community Based Services Waiver providing alternative services instead of institutional care to persons who are mentally retarded or have other developmental disabilities.

UCP is reimbursed at pre-approved rates for each unit of service provided to consumers. Funds received are included in program service fees.

UNITED CEREBRAL PALSY OF GREATER NEW ORLEANS, INC.
SCHEDULE OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 1996

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	Disbursements/ Expenditures
Major Programs		
None		
Other Federal Assistance		
United States Department of Education/State of Louisiana Department of Education - Office of Special Education Services Program: Special Education-Grants for <i>Infants and Families with Disabilities</i> • Children's Services	84.181	\$ 7,495
United States Federal Transit Administration/ State of Louisiana Department of Transportation and Development (LA-16-0021) Program: Capital Assistance Program for Elderly Persons and Persons with Disabilities • Adult Services	20.513	

UNITED CEREBRAL PALSY OF GREATER NEW ORLEANS, INC.
SCHEDULE OF INCOME AND EXPENSES BY PROGRAM
YEAR ENDED JUNE 30, 1996

	Program Services					Supporting Services			Total
	Adult Program	Children's Program	Sports Program	Consumer Residential Services	Fund Raising and Management and General	Administrative Services Restricted			
Revenue:									
Allocation from United Way	\$ 88,880	\$ 277,574	\$ 1,822		\$ 19,421		\$ 387,697		
Government fees and grants	479,240	85,338					564,578		
Board generated self-support	27,203	50,396	4,745		100,878	4,324	187,546		
Client generated self-support	339,886	29,099	480	\$ 838,359	740		1,208,564		
Other Income					4,087		4,087		
Support services allocated revenue	<u>13,327</u>	<u>94,751</u>	<u>15,577</u>	<u>1,710</u>	<u>(125,365)</u>				
Total revenue	<u>948,536</u>	<u>537,158</u>	<u>22,624</u>	<u>840,069</u>	<u>(239)</u>	<u>4,324</u>	<u>2,352,472</u>		
Expenses:									
Total compensation	634,091	200,693	7,999	668,134	222,512		1,733,429		
Occupancy and related expenses	43,549	71,694		18,498	23,968		157,709		
Travel and meetings	53,298	2,677	4,658	4,941	8,571		74,145		
Board generated self support	57,073	116,713	363	20,720	31,320	4,011	35,331		
Other direct program expenses	<u>115,911</u>	<u>112,401</u>	<u>7,026</u>	<u>115,911</u>	<u>(351,249)</u>	<u>507</u>	<u>263,144</u>		
Allocation of support services									
Total expenses before non-cash expenses	<u>903,922</u>	<u>504,178</u>	<u>20,046</u>	<u>828,204</u>	<u>2,890</u>	<u>4,518</u>	<u>2,263,758</u>		
Subtotal	44,614	32,980	2,578	11,865	(3,129)	(194)	88,714		
Non-cash expenses:									
Depreciation expense	32,757	5,129	1,760	2,714	2,743		45,103		
Bad debt expense	<u>1,665</u>	<u>14,722</u>		<u>(3,104)</u>			<u>13,283</u>		
Total non-cash expenses	<u>34,422</u>	<u>19,851</u>	<u>1,760</u>	<u>(390)</u>	<u>2,743</u>		<u>58,386</u>		
Excess or (deficiency)	<u>\$ 10,192</u>	<u>\$ 13,129</u>	<u>\$ 818</u>	<u>\$ 12,255</u>	<u>\$ (5,872)</u>	<u>\$ (194)</u>	<u>\$ 30,328</u>		



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

To the Board of Directors of
United Cerebral Palsy of
Greater New Orleans, Inc.
New Orleans, Louisiana

We have audited the financial statements of United Cerebral Palsy of Greater New Orleans, Inc. (a non-profit organization) as of and for the year ended June 30, 1996, and have issued our report thereon dated August 7, 1996.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The management of United Cerebral Palsy of Greater New Orleans, Inc. is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The 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 United Cerebral Palsy of Greater New Orleans, Inc. for the year ended June 30, 1996, 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.

To the Board of Directors of
United Cerebral Palsy of
Greater New Orleans, Inc.
New Orleans, Louisiana

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.

We also noted other matters involving the internal control structure and its operation that we have reported to the management of United Cerebral Palsy of Greater New Orleans, Inc. in a separate letter dated August 7, 1996.

This report is intended for the information of the Board of Directors, Finance Committee, management, the U. S. Department of Education, and the State of Louisiana - Office of Human Services. However, this report is a matter of public record and its distribution is not limited.

Legier & Materne

August 7, 1996



**INDEPENDENT AUDITORS' REPORT ON
THE INTERNAL CONTROL STRUCTURE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Directors of
United Cerebral Palsy of
Greater New Orleans, Inc.
New Orleans, Louisiana

We have audited the financial statements of United Cerebral Palsy of Greater New Orleans, Inc. (a non-profit organization) as of and for the year ended June 30, 1996, and have issued our report thereon dated August 7, 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.

In planning and performing our audit for the year ended June 30, 1996, we considered United Cerebral Palsy of Greater New Orleans, Inc.'s (UCP's) internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on UCP's financial statements 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 programs. We have addressed policies and procedures relevant to our audit of the financial statements in a separate report dated August 7, 1996.

The management of UCP 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, 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 awards 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.

To the Board of Directors of
United Cerebral Palsy of
Greater New Orleans, Inc.
New Orleans, Louisiana

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:

- Cash;
- Support, program service fees, revenue, and receivables;
- Expenses for goods and services and accounts payable;
- Payroll and related liabilities;
- Property and equipment;
- Fund balances; and
- Governmental Financial Assistance Programs:

General Requirements

Political activity
Civil rights
Cash management
Federal financial reports
Allowable costs/cost principles
Drug-Free Workplace Act

Specific Requirements

Types of services allowed or unallowed
Eligibility
Financial reports and claims for
advances and reimbursements

For all of the internal control structure categories listed above, 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. During the year ended June 30, 1996, UCP had no major programs and expended 100 percent of its total federal awards under the following nonmajor programs:

- Children's Program
- Adult Program

To the Board of Directors of
United Cerebral Palsy of
Greater New Orleans, Inc.
New Orleans, Louisiana

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 aforementioned nonmajor programs. 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 reportable 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.

However, we noted certain matters involving the internal control structure and its operation that we have reported to the management of UCP in a separate letter dated August 7, 1996.

This report is intended for the information of the Board of Directors, Finance Committee, management, the U.S. Department of Education, and the State of Louisiana - Office of Human Services. However, this report is also a matter of public record and its distribution is not limited.

Legier & Materne

August 7, 1996



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

To the Board of Directors of
United Cerebral Palsy of
Greater New Orleans, Inc.
New Orleans, Louisiana

We have audited the financial statements of United Cerebral Palsy of Greater New Orleans, Inc. (a non-profit organization) as of and for the year ended June 30, 1996, and have issued our report thereon dated August 7, 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 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.

Compliance with laws, regulations, contracts, and grants applicable to United Cerebral Palsy of Greater New Orleans, Inc. (UCP) is the responsibility of UCP's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of UCP's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

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

We noted certain immaterial instances of noncompliance that we have reported to the management of UCP in a separate letter dated August 7, 1996.

This report is intended for the information of the Board of Directors, Finance Committee, management, the U.S. Department of Education, and the State of Louisiana - Office of Human Services. However, this report is a matter of public record and its distribution is not limited.

Legier & Matrone

August 7, 1996



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

To the Board of Directors of
United Cerebral Palsy of
Greater New Orleans, Inc.
New Orleans, Louisiana

We have audited the financial statements of United Cerebral Palsy of Greater New Orleans, Inc. (a non-profit organization) as of and for the year ended June 30, 1996, and have issued our report thereon dated August 7, 1996.

We have applied procedures to test United Cerebral Palsy of Greater New Orleans, Inc.'s (UCP's) compliance with the following requirements applicable to its federal award programs, which are identified in the accompanying Schedule of Federal Awards for the year ended June 30, 1996:

General requirements:

- Political activity
- Civil rights
- Cash management
- Federal financial reports
- Allowable costs/cost principles
- Drug-Free Workplace Act

Our procedures were limited to the applicable procedures described in the Office of Management and Budget's "Compliance Supplement for Audits of Institutions of Higher Learning and Other Non-Profit Institutions." Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on UCP's 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 UCP 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.



**INDEPENDENT AUDITORS' REPORT
ON COMPLIANCE WITH SPECIFIC REQUIREMENTS APPLICABLE
TO NONMAJOR PROGRAM TRANSACTIONS**

To the Board of Directors of
United Cerebral Palsy of
Greater New Orleans, Inc.
New Orleans, Louisiana

We have audited the financial statements of United Cerebral Palsy of Greater New Orleans, Inc. (a non-profit organization) as of and for the year ended June 30, 1996, and have issued our report thereon dated August 7, 1996.

In connection with our audit of the financial statements of United Cerebral Palsy of Greater New Orleans, Inc. (UCP) and with our consideration of UCP's internal control structure used to administer federal award programs, as required by Office of Management and Budget (OMB) Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Institutions," we selected certain transactions applicable to certain nonmajor federal programs for the year ended June 30, 1996. As required by OMB Circular A-133, we performed auditing procedures to test compliance with the requirements governing types of services allowed or unallowed, eligibility and financial reports and claims for advances and reimbursements 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 UCP's 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 UCP 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, Finance Committee, management, the U.S. Department of Education, and the State of Louisiana - Office of Human Services. However, this report is a matter of public record and its distribution is not limited.

Legier & Materne

August 7, 1996

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UNITED CEREBRAL PALSY OF GREATER NEW ORLEANS, INC.

OBSERVATIONS AND RECOMMENDATIONS

JUNE 30, 1996

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 10/2/1997



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August 7, 1996

To the Board of Directors of
United Cerebral Palsy
of Greater New Orleans, Inc.
New Orleans, Louisiana

Receipt Acknowledged
Legislative Auditor

By _____

In planning and performing our audit of the financial statements of United Cerebral Palsy of Greater New Orleans, Inc. ("UCP") for the year ended June 30, 1996, we considered UCP's internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

As a result of this consideration, we developed the following observations and recommendations concerning certain internal control structure and other operational matters that are designed to help UCP make improvements and achieve operational efficiencies. Our comments reflect our desire to be of continuing assistance to UCP. Our comments are summarized as follows:

ACCOUNTS RECEIVABLE

Observations

Differences were noted during the reconciliation of customer billing files to the accounts receivable aging for one of UCP's programs. As a result, a significant amount of time was required of UCP personnel to reconcile receivables for this program at fiscal year-end. In addition, during the testing of certain accounts, we were unable to determine what specific invoices comprised the outstanding balances. Finally, we noted that several invoices more than one year old were still included in UCP's accounts receivable at June 30, 1996.

Recommendations

Reconcile the customer billing files to the accounts receivable aging on a monthly or quarterly basis to be able to identify any discrepancies in a timely manner. In order to properly pursue the collection of accounts receivable, revise the receivables detail so that specific invoices which comprise a given account can be identified.

Perform a periodic review of the aging to determine the adequacy of the allowance for doubtful accounts. Consider establishing a general reserve to be maintained for unidentified bad debts which might be incurred. This will facilitate the proper matching of revenue and expense associated with individual accounts becoming uncollectible. In addition, this will ensure that overdue accounts are addressed and appropriately written off as deemed necessary.

Management Response

Accounts receivable was in a period of transition in fiscal year 95/96 due to the transfer of accounts receivable responsibilities and centralization of billing. The staff handling account receivable are currently in training to improve accuracy of the aging report and reconciliation with the customer files. Prior to this transition, accounts receivable was reconciled on a monthly basis and will return to that procedure shortly.

A monthly review of the aging to determine the allowance for doubtful accounts is and has been conducted. However, a general reserve for unidentified bad debts is not in place.

GENERAL INTERNAL CONTROL PRACTICES/CONTRACT COMPLIANCE

Observation

One disbursement selected for compliance and internal control testing was not supported by a receipt. An approved purchase order was examined, and on this purchase order it had been noted that the receipt had been lost.

Recommendation

Reemphasize the importance of maintaining proper supporting documentation to all persons involved in the cash disbursement process. The maintenance of proper supporting documentation is a federal compliance requirement, in addition to being an important part of a strong system of internal controls.

Management Response

We will re-emphasize the importance for maintaining proper supporting documentation. The receipt that was lost was for postage, and we have the canceled check to support that purchase. The control procedure to obtain receipts that come after the issuance of a check is a log which is used to follow-up on getting the receipts.

It should be understood that our comments deal exclusively with operational matters, and should not be regarded as reflecting on the integrity or the capabilities of anyone in your organization. It should be further recognized that our comments have been restricted to suggested improvements, and are not intended as a commentary on the various favorable aspects of UCP's procedures and controls.

We appreciate the cooperation we have received from UCP personnel and the opportunity to have been of service to you and UCP. This report is intended solely for the information and use of the Board of Directors, management, and others within UCP. In the event you have any questions or require additional information with respect to matters discussed in the accompanying report, please do not hesitate to contact us.

Very truly yours,

Legier & Materne