



**INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY INFORMATION**

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

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The Schedule of Functional Expenses for the year ended June 30, 1996, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Faulk & Winkler, LLC
Certified Public Accountants

Baton Rouge, Louisiana
October 8, 1996

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

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June 30, 1996

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

FINANCIAL 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 APR 02 1997

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

SCHEDULE OF FUNCTIONAL EXPENSES

For the year ended June 30, 1996

	Rehabilitation	Service Contracts	General and Administrative	Totals (Memorandum Only)	
				1996	1995
EXPENSES					
Salaries	\$ 474,144	\$ 570,338	\$ 61,795	\$ 1,106,277	\$ 999,316
Payroll taxes	35,434	42,461	4,238	82,133	75,231
Equipment	-	645	-	645	692
Grants	-	-	1,399	1,399	74,923
Subscriptions and memberships	1,903	280	882	3,065	3,157
Repairs and Maintenance	2,840	1,006	1,195	5,041	8,567
Travel and entertainment	3,512	163	3,009	6,684	3,648
Training	2,443	2,932	3,093	8,468	7,552
Office supplies	11,098	4,716	7,029	22,843	20,624
Professional	5,716	2,191	26,204	34,111	10,002
Automobile	6,404	13,773	16,537	36,714	36,205
Rent and leases	32,010	8,357	-	40,367	50,200
Rehabilitation supplies and contracts	50,968	-	-	50,968	70,351
Depreciation	24,751	10,424	27,431	62,606	42,903
Utilities and telephone	52,726	6,079	4,214	63,019	32,989
Insurance	20,536	78,570	53,701	152,807	143,667
Janitorial supplies and contracts	-	179,851	-	179,851	160,670
Other	23,032	-	20,013	43,045	24,781
Total expenses	\$ 747,517	\$ 921,786	\$ 230,740	\$ 1,900,043	\$ 1,765,478

This report is intended for the information of management of the organization and the Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

Faulk & Amble, LLC
Certified Public Accountants

Baton Rouge, Louisiana
October 8, 1996



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

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

We have audited the financial statements of **LOUISIANA INDUSTRIES FOR THE DISABLED, INC.** (a non-profit organization) as of and for the year ended June 30, 1996, and have issued our report thereon dated October 8, 1996.

We have also audited the compliance of **LOUISIANA INDUSTRIES FOR THE DISABLED, INC.** with the requirements governing types of services allowed or not allowed, matching level of effort, or earmarking, financial reports, claims for advances and reimbursements, and amounts claimed or used for matching that are applicable to its major federal award programs, which is identified in the accompanying Schedule of Federal Awards, for the year ended June 30, 1996. The management of **LOUISIANA INDUSTRIES FOR THE DISABLED, INC.** is responsible for **LOUISIANA INDUSTRIES FOR THE DISABLED, INC.**'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 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 material noncompliance with the requirements referred to in the second paragraph occurred. An audit includes examining, on a test basis, evidence about **LOUISIANA INDUSTRIES FOR THE DISABLED, INC.**'s compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, **LOUISIANA INDUSTRIES FOR THE DISABLED, INC.** complied, in all material respects, with the specific requirements governing types of services allowed or not allowed matching level of effort, or earmarking, financial reports, claims for advances and reimbursements and amounts claimed or used for matching that are applicable to its major federal award programs for the year ended June 30, 1996.

This report is intended for the information of management of the organization, and the Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

Faulk & Winkler, LLC
Certified Public Accountants

Baton Rouge, Louisiana
October 8, 1996



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH SPECIFIC REQUIREMENTS APPLICABLE TO NON-MAJOR
FEDERAL AWARD PROGRAM TRANSACTIONS**

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

We have audited the financial statements of **LOUISIANA INDUSTRIES FOR THE DISABLED, INC.** (a non-profit organization) as of and for the year ended June 30, 1996, and have issued our report thereon dated October 8, 1996.

In connection with our audit of the financial statements of **LOUISIANA INDUSTRIES FOR THE DISABLED, INC.** (a non-profit organization) and with our consideration of **LOUISIANA INDUSTRIES FOR THE DISABLED, INC.**'s internal control structure used to administer federal award 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 the non-major federal financial award program for the year ended June 30, 1996. As required by OMB Circular A-133, we have performed auditing procedures to test compliance with requirements governing types of services allowed or unallowed, reporting requirements, and claims for advancements 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 **LOUISIANA INDUSTRIES FOR THE DISABLED, INC.**'s compliance with these requirements. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those 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 the **LOUISIANA INDUSTRIES FOR THE DISABLED, INC.** had not complied, in all material respects, with those requirements.

This report is intended for the information of management of the organization, and the Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

Faulk & Winkler, LLC
Certified Public Accountants

Baton Rouge, Louisiana
October 8, 1996



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

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

We have audited the financial statements of **LOUISIANA INDUSTRIES FOR THE DISABLED, INC.** (a non-profit organization) as of and for the year ended June 30, 1996, and have issued our report thereon dated October 8, 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; 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 **LOUISIANA INDUSTRIES FOR THE DISABLED, INC.** is the responsibility of the organization's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the organization's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the financial statements 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*.

This report is intended for the information of management of the organization, and the Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink that reads "Faulk Winkler, LLC". The signature is written in a cursive, flowing style.

Certified Public Accountants

Baton Rouge, Louisiana
October 8, 1996

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

SCHEDULE OF FEDERAL AWARDS

For the year ended June 30, 1996


Grantor/State Pass-through/ Program name/ Location of Project	CFA Number	Grant Amount	Balance July 1	Federal Receipts	Grantee Matching Contributions	Expenditures	Balance June 30
Non-Major Program							
Department of Agriculture/ Louisiana Department of Education/Bureau of Food and Nutrition Services/Child and Adult Care Food Program	10.558	\$ -	\$ 300	\$ 3,368	\$ 3,497	\$ 6,593	\$ 46
Major Programs							
Department of Education/ Louisiana Department of Social Services/Louisiana Rehabilitation Services Bureau/Basic Support/ Renovation	84.126A	705,092	41,097	575,743	170,497	725,935	20,792
Department of Health and Human Services/Louisiana Department of Social Services/East Baton Rouge Parish Office of Family Services/ Aid to Families with Dependent Children (AFDC)/Project Independence/ Other Federal Assistance	93.561	203,842	24,865	193,801	65,997	282,028	47,095
Total major programs			65,962	769,544	236,434	1,007,963	67,887
Total Federal Financial Assistance			\$ 66,262	\$ 772,912	\$ 239,973	\$ 1,014,556	\$ 67,933

During the year ended June 30, 1996, **LOUISIANA INDUSTRIES FOR THE DISABLED, INC.**, expended 99 percent of its total federal awards under major federal award 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 each of 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 management of the organization and the Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.


Certified Public Accountants

Baton Rouge, Louisiana
October 8, 1996



**INDEPENDENT AUDITORS' REPORT
ON SCHEDULE OF FEDERAL AWARDS**

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

We have audited the financial statements of **LOUISIANA INDUSTRIES FOR THE DISABLED, INC.** (a non-profit organization), as of and for the year ended June 30, 1996, and have issued our report thereon dated October 8, 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 **LOUISIANA INDUSTRIES FOR THE DISABLED, 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.

Faulk Winkler, LLC
Certified Public Accountants

Baton Rouge, Louisiana
October 8, 1996



INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statement of financial position of **LOUISIANA INDUSTRIES FOR THE DISABLED, INC.** (a non-profit organization) as of June 30, 1996 and 1995, and the related statements of activities, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with generally accepted auditing standards; *Government Auditing Standards*, issued by the Comptroller General of the United States; and the provisions of 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. 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 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 **LOUISIANA INDUSTRIES FOR THE DISABLED, INC.** at June 30, 1996 and 1995, and the changes in its net assets and its cash flows for the years then ended, in conformity with generally accepted accounting principles.

As discussed in Note 7 to the financial statements, **LOUISIANA INDUSTRIES FOR THE DISABLED, INC.** changed its method of accounting for contributions and its method of financial reporting and financial statement presentation.

In accordance with *Government Auditing Standards*, we have also issued reports dated October 8, 1996, on our consideration of the Organization's internal control structure and on its compliance with laws and regulations.

Faulk & Winkler, LLC
Certified Public Accountants

Baton Rouge, Louisiana
October 8, 1996

LOUISIANA INDUSTRIES FOR THE DISABLED, INC.

Baton Rouge, Louisiana

STATEMENTS OF FINANCIAL POSITION

June 30, 1996 and 1995

	<u>1996</u>	<u>1995</u>
ASSETS		
CURRENT		
Cash and cash equivalents	\$ 192,612	\$ 246,993
Accounts receivable - net	231,317	180,260
Prepaid expenses	<u>10,957</u>	<u>12,300</u>
Total current assets	434,886	439,553
PROPERTY AND EQUIPMENT - net	<u>1,116,735</u>	<u>385,818</u>
Total assets	<u>\$ 1,551,621</u>	<u>\$ 825,371</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Current maturities of long term debt	\$ 6,909	\$ -
Accounts payable	69,566	89,287
Accrued expenses	31,842	27,313
Note payable	<u>16,488</u>	<u>-</u>
Total current liabilities	124,805	116,600
LONG TERM DEBT, net of current maturities	<u>81,673</u>	<u>-</u>
Total liabilities	206,478	116,600
NET ASSETS - UNRESTRICTED	<u>1,345,143</u>	<u>708,771</u>
Total liabilities and net assets	<u>\$ 1,551,621</u>	<u>\$ 825,371</u>

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

LOUISIANA INDUSTRIES FOR THE DISABLED, INC.

Baton Rouge, Louisiana

STATEMENTS OF ACTIVITIES

For the years ended June 30, 1996 and 1995

	<u>1996</u>	<u>1995</u>
REVENUE AND SUPPORT		
Rehabilitation and evaluation	\$ 603,701	\$ 652,256
Service contracts	1,040,055	803,968
Grants	841,942	466,315
Other	<u>50,717</u>	<u>34,269</u>
 Total revenue and support	 <u>2,536,415</u>	 <u>1,956,808</u>
 EXPENSES		
Program services:		
Rehabilitation and evaluation	747,517	697,979
Service contracts	921,786	773,549
General and administrative	<u>230,740</u>	<u>293,950</u>
 Total expenses	 <u>1,900,043</u>	 <u>1,765,478</u>
 Change in net assets	 636,372	 191,330
 NET ASSETS		
Beginning of year	<u>708,771</u>	<u>517,441</u>
 End of year	 <u>\$ 1,345,143</u>	 <u>\$ 708,771</u>

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

LOUISIANA INDUSTRIES FOR THE DISABLED, INC.

Baton Rouge, Louisiana

STATEMENTS OF CASH FLOWS

For the years ended June 30, 1996 and 1995

	<u>1996</u>	<u>1995</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 636,372	\$ 191,330
Depreciation	62,605	42,903
Adjustments to reconcile change in net assets:		
Accounts receivable	(51,057)	(23,792)
Prepaid expenses	1,343	2,469
Accounts payable	(19,721)	83,995
Accrued expenses	<u>4,529</u>	<u>(41,217)</u>
Net cash provided by operating activities	<u>634,071</u>	<u>255,688</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed asset acquisitions	<u>(793,522)</u>	<u>(172,539)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from debt and note payable	122,975	-
Principal payments of debt and note payable	<u>(17,905)</u>	<u>(9,428)</u>
Net cash provided (used) by financing activities	<u>105,070</u>	<u>(9,428)</u>
Net increase (decrease) in cash and cash equivalents	(54,381)	73,721
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>246,993</u>	<u>173,272</u>
End of year	<u>\$ 192,612</u>	<u>\$ 246,993</u>

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

LOUISIANA INDUSTRIES FOR THE DISABLED, INC.

Baton Rouge, Louisiana

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and operations

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

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

Basis of presentation

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

Financial statement presentation follows the recommendations 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, LIFTD is required to report information regarding their financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. LIFTD does not have any temporarily restricted or permanently restricted net assets at June 30, 1996 and 1995.

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

Estimates

The preparation of financial statements in conformity with general accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates are used primarily when accounting for the allowance for doubtful accounts and depreciation.

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

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

We have audited the financial statements of **LOUISIANA INDUSTRIES FOR THE DISABLED, INC.** (a non-profit organization) as of and for the year ended June 30 1996, and have issued our report thereon dated October 8, 1996.

We have applied procedures to test the compliance of **LOUISIANA INDUSTRIES FOR THE DISABLED, INC.** with the following requirements applicable to each of its federal award programs, which are identified in the schedule of federal awards, for the year ended June 30, 1996:

- Political activity
- Davis Bacon Act
- Civil rights
- Cash management
- Federal financial reports
- Allowable costs/cost principle
- Drug-free workplace
- Administration requirements

Our procedures were limited to the applicable procedures described in the Office of Management and Budget's *Compliance Supplement for Single Audits of Institutions of Higher Learning 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 **LOUISIANA INDUSTRIES FOR THE DISABLED, INC.**'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 those 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 **LOUISIANA INDUSTRIES FOR THE DISABLED, INC.** had not complied, in all material respects, with those requirements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reclassifications

Certain amounts in the June 30, 1995, financial statements have been reclassified to conform with the June 30, 1996, financial statement presentation.

NOTE 2 - PROPERTY AND EQUIPMENT

Property and equipment, related service lives, and accumulated depreciation at June 30, 1996 and 1995, are as follows:

	<u>Estimated Service Lives</u>	<u>1996</u>	<u>1995</u>
Land	-	\$ 17,500	\$ 17,500
Building	10 - 30 years	1,053,291	337,505
Furniture and equipment	5 years	285,728	24,633
Leasehold improvements	5 years	23,352	7,562
Vehicles	3 - 5 years	<u>103,507</u>	<u>82,655</u>
Property and equipment		1,483,378	689,855
Less accumulated depreciation		<u>(366,643)</u>	<u>(304,037)</u>
		<u>\$1,116,735</u>	<u>\$ 385,818</u>

Depreciation expense was \$62,605 and \$42,903 for the years ended June 30, 1996 and 1995, respectively.

NOTE 3 - NOTE PAYABLE

In October 1995, LIFTD received \$32,975 from a non-profit organization. The terms of the agreement require non-interest bearing monthly payments of \$1,832. The note matures in March 1997.

NOTE 4 - LONG-TERM DEBT

At June 30, 1996, LIFTD had taken advances of \$88,582 on a non-revolving line of credit. The terms of the agreement require monthly payments of \$1,249, including interest at 8.62%, maturing May 2000. As of June 30, 1996, \$34,902 is available on the line of credit.

Maturities of long-term debt for each of the four years succeeding June 30, 1996, are as follows:

<u>June 30,</u>	<u>Amount</u>
1997	\$ 6,909
1998	8,170
1999	8,914
2000	<u>64,589</u>
Total	<u>\$ 88,582</u>

NOTE 5 - ECONOMIC DEPENDENCY

During the years ended June 30, 1996 and 1995, LIFTD received a significant portion of its revenues from the State of Louisiana, as follows:

	<u>1996</u>	<u>1995</u>
Receivable, beginning of year	\$ 27,939	\$ 65,202
Revenues earned and invoiced	421,559	374,769
Collections	<u>(415,039)</u>	<u>(412,032)</u>
Receivable, end of year	<u>\$ 34,459</u>	<u>\$ 27,939</u>

NOTE 6 - RELATED PARTY

LIFTD incurred \$30,003 and \$46,729 of architect expenses during the years ended June 30, 1996 and 1995, respectively. One of the partners of the architectural firm is a LIFTD executive officer.

NOTE 7 - CHANGES IN ACCOUNTING PRINCIPLES

LIFTD adopted the provisions of Statement of Financial Accounting Standards (SFAS) No. 116, *Accounting for Contributions Received and Contributions Made* and No. 117, *Financial Statements of Not-for-Profit Organizations* as of June 30, 1994.

SFAS No. 116 requires the LIFTD to distinguish between contributions that increase permanently restricted net assets, temporarily restricted net assets, and unrestricted net assets. It also requires recognition of contributions, including contributed services meeting certain criteria, at fair values.

SFAS No. 117 established standards for general purpose external financial statements of not-for-profit organizations and requires a statement of financial position, a statement of activities, and a statement of cash flows.

LIFTD adopted SFAS No. 116 by restating net assets as of June 30, 1995 and 1994. Unrestricted net assets as of June 30, 1995 and 1994, were increased by \$306,812 and \$179,048, respectively. On the other hand, temporarily restricted net assets as of June 30, 1995 and 1994, were decreased by \$306,812 and \$179,048, respectively, which represent program restricted support previously reported as restricted fund balance.

Special Independent Auditors' Reports

LOUISIANA INDUSTRIES FOR THE DISABLED, INC.

Baton Rouge, Louisiana

June 30, 1996



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

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

We have audited the financial statements of **LOUISIANA INDUSTRIES FOR THE DISABLED, INC.** (a non-profit organization), as of and for the year ended June 30, 1996, and have issued our report thereon dated October 8, 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, and 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 **LOUISIANA INDUSTRIES FOR THE DISABLED, 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 **LOUISIANA INDUSTRIES FOR THE DISABLED, 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.

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 management of the organization and the Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

Faulk & Winkler, LLC
Certified Public Accountants

Baton Rouge, Louisiana
October 8, 1996



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

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

We have audited the financial statements of **LOUISIANA INDUSTRIES FOR THE DISABLED, INC.** (a non-profit organization) for the year ended June 30, 1996, and have issued our report thereon dated October 8, 1996. We have also audited **LOUISIANA INDUSTRIES FOR THE DISABLED, INC.**'s compliance with requirements applicable to major federal award programs and have issued our report thereon dated October 8, 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 and about whether **LOUISIANA INDUSTRIES FOR THE DISABLED, INC.** complied with laws and regulations, non-compliance with which would be material to a major federal award program.

In planning and performing our audit for the year ended June 30, 1996, we considered the internal control structure of **LOUISIANA INDUSTRIES OF THE DISABLED, INC.** in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements of **LOUISIANA INDUSTRIES OF THE DISABLED, INC.** 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 polices and procedures relevant to our audit of the financial statements in a separate report dated October 8, 1996.

The management of **LOUISIANA INDUSTRIES FOR THE DISABLED, 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, 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 polices and procedures used in administering federal award programs in the following categories:

Accounting controls:

- Revenue/receipts
- Purchases/disbursements
- Payroll
- General ledger

General requirements:

- Political activity
- Davis-Bacon Act
- Civil rights
- Cash management
- Federal financial reports
- Allowable costs/cost principles
- Drug Free workplace Act
- Administrative requirements

Specific controls:

- Types of services allowed or not allowed
- Matching, level-of-effort and earmarking
- Claims for advances and reimbursements
- Amounts claimed or used for matching

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and cash equivalents

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

Accounts receivable

Amounts receivable represent fees for service contracts. The allowance for doubtful accounts was \$4,690 and \$11,600 at June 30, 1996 and 1995, respectively.

Property, equipment and depreciation

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

Restricted support

LIFTD received support from Louisiana agencies to expend on job development and property and equipment acquisitions. When the program restriction is met, temporarily restricted net assets are reclassified to unrestricted net assets. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. Accordingly, since the restrictions of temporarily restricted support of \$841,942 and \$466,315 were met during the year ended June 30, 1996 and 1995, respectively, such support has been shown as unrestricted.

Revenue recognition

LIFTD records service contracts revenue as services are rendered.

Vacation and sick leave

Vacation and sick leave are earned at varying rates from 8 to 15 hours per month depending on length of service. A maximum of three days of unused leave can be carried over at December 31. Accordingly, amounts related to such leave have been accrued at June 30, 1996 and 1995.

Income taxes

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