

9634

OFFICIAL
FILE COPY

DO NOT SEND OUT

(Xerox necessary
copies from this
copy and PLACE
BACK in FILE)

RECEIVED
LEGISLATIVE AUDITOR
97 JAN -2 PM 12:23

**ASSOCIATED CATHOLIC
CHARITIES OF NEW ORLEANS,
INC.**

**Financial Statements and Additional Information
for the Years Ended June 30, 1996 and 1995 and
Independent Auditors' Report**

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 3-26-97

RECEIVED
[Signature]
JAN 08 1997
LEGISLATIVE AUDITOR

ASSOCIATED CATHOLIC CHARITIES OF NEW ORLEANS, INC.

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS:	
Statements of Financial Position	2
Statements of Activities	3
Statements of Cash Flows	4
Statements of Functional Expenses	5-7
Notes to Financial Statements	8-13
INDEPENDENT AUDITORS' REPORT ON ADDITIONAL INFORMATION	14
ADDITIONAL INFORMATION:	
Statements of Activities by Program Services	15-17
Statements of Activities - Child Residential Care	18
Statements of Activities - Child Day Care	19

Deloitte & Touche LLP



Suite 3700
One Shell Square
701 Poydras Street
New Orleans, Louisiana 70139-3700

Telephone: (504) 581-2727
Facsimile: (504) 561-7293

INDEPENDENT AUDITORS' REPORT

Most Reverend Francis B. Schulte, D.D., President
Associated Catholic Charities of New Orleans, Inc.
New Orleans, Louisiana

We have audited the accompanying statements of financial position of Associated Catholic Charities of New Orleans, Inc. (Agency) as of June 30, 1996 and 1995, and the related statements of activities, cash flows, and functional expenses for the years then ended. These financial statements are the responsibility of the Agency'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 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. 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, such financial statements present fairly, in all material respects, the financial position of Associated Catholic Charities of New Orleans, Inc. as of 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.

The financial statements include certain prior-year comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Agency's financial statements for the year ended June 30, 1995, from which the information was derived.

As discussed in Notes 1 and 2 to the financial statements, during the year ended June 30, 1996, the Agency applied newly established financial reporting standards for not-for-profit organizations and on July 1, 1995, the Agency changed its method of accounting for investments from the historical cost method of valuation to the fair value method.

In accordance with Government Auditing Standards, we have also issued a report dated November 27, 1996 on our consideration of the Agency's internal control structure and a report dated November 27, 1996 on its compliance with laws and regulations.

Deloitte & Touche LLP

November 27, 1996

Deloitte Touche
Tohmatsu
International

ASSOCIATED CATHOLIC CHARITIES OF NEW ORLEANS, INC.

STATEMENTS OF FINANCIAL POSITION JUNE 30, 1996 AND 1995

ASSETS	1996	1995
Cash	\$ 318,215	\$ 149,655
Investments	2,956,412	2,419,110
Accounts receivable	3,111,095	2,548,974
Prepaid expenses and deferred charges	23,234	11,424
Property and equipment, less accumulated depreciation	<u>8,284,351</u>	<u>8,384,508</u>
TOTAL	<u>\$ 14,693,307</u>	<u>\$ 13,513,671</u>
LIABILITIES AND NET ASSETS		
Managed cash overdraft	\$ 693,826	\$ 406,577
Accounts payable and accrued expenses	1,336,422	1,170,132
Deferred revenue	510,420	510,454
Funds held for the account of others	2,001,227	1,797,171
Loans payable	<u>2,545,426</u>	<u>2,236,610</u>
Total liabilities	<u>7,087,321</u>	<u>6,120,944</u>
NET ASSETS:		
Unrestricted	6,950,408	6,806,758
Temporarily restricted	<u>655,578</u>	<u>585,969</u>
Total net assets	<u>7,605,986</u>	<u>7,392,727</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 14,693,307</u>	<u>\$ 13,513,671</u>

See notes to financial statements.

ASSOCIATED CATHOLIC CHARITIES OF NEW ORLEANS, INC.

STATEMENTS OF ACTIVITIES

YEAR ENDED JUNE 30, 1996, WITH COMPARATIVE TOTALS FOR JUNE 30, 1995

	Unrestricted	Temporarily Restricted	Total	
			1996	1995
REVENUES:				
Public support:				
Contributions	\$ 806,275	\$ 93,421	\$ 899,696	\$ 776,910
Contributed by associated organizations	82,939		82,939	111,079
Allocated by United Way of St. John Parish	48,000		48,000	43,005
Allocated by United Way of St. Charles Parish	115,817		115,817	113,428
Allocated by United Way for the Greater New Orleans Area	1,509,759		1,509,759	1,501,656
Special events (net of direct costs of \$66,783 and \$67,156)	149,957		149,957	107,320
Total public support	2,712,747	93,421	2,806,168	2,653,398
Fees and grants from governmental agencies	12,875,750		12,875,750	12,663,763
Other revenue:				
Contributed goods and services	1,016,191		1,016,191	979,359
Program service fees	1,562,822		1,562,822	1,879,360
Investment income	103,442	2,851	106,293	111,638
Miscellaneous	257,318		257,318	134,707
Net assets released from restrictions - operations	26,663	(26,663)	-	-
Total other revenue	2,966,436	(23,812)	2,942,624	3,105,064
Total revenues	18,554,933	69,609	18,624,542	18,422,225
EXPENSES:				
Program services:				
Big Brothers/Big Sisters	234,792		234,792	240,967
Foster Grandparents	317,901		317,901	314,590
Clinical counseling	348,067		348,067	380,960
Maternity	244,080		244,080	308,472
Transitional housing	105,143		105,143	78,237
Adult day health care	852,897		852,897	778,430
Child day care	2,015,067		2,015,067	1,885,977
Emergency assistance	57,568		57,568	67,919
Emergency shelter	596,577		596,577	625,265
Job search	181,053		181,053	161,487
Domestic violence	400,767		400,767	362,954
Aids services	358,182		358,182	296,987
Padua vocational	156,181		156,181	149,732
Adult residential care	2,355,437		2,355,437	2,332,831
Child residential care	8,126,873		8,126,873	8,931,759
Immigrant/refugee services	732,762		732,762	668,089
Family preservation	83,543		83,543	97,672
In-home services/elderly	17,179		17,179	16,934
Deaf action center	506,902		506,902	487,871
Branch offices	255,497		255,497	249,389
Senior groups	17,872		17,872	19,912
Social adjustment	360,905		360,905	317,804
Parish social ministry	58,649		58,649	71,800
Other	27,389		27,389	113,660
Total expenses	18,411,283		18,411,283	18,959,698
CHANGE IN NET ASSETS	143,650	69,609	213,259	(537,473)
NET ASSETS AT BEGINNING OF YEAR as restated	6,806,758	585,969	7,392,727	7,930,200
NET ASSETS AT END OF YEAR	\$ 6,950,408	\$ 655,578	\$ 7,605,986	\$ 7,392,727

See notes to financial statements.

ASSOCIATED CATHOLIC CHARITIES OF NEW ORLEANS, INC.

STATEMENTS OF CASH FLOWS YEAR ENDED JUNE 30, 1996 AND 1995

	1996	1995
OPERATING ACTIVITIES:		
Change in net assets	\$ 213,259	\$ (537,473)
Adjustments to reconcile to net cash provided by (used in) operating activities:		
Depreciation	494,359	542,749
Unrealized gain on investments	(215,274)	(57,519)
Changes in assets and liabilities:		
Accounts receivable	(562,121)	(415,386)
Prepaid expenses and deferred charges	(11,810)	456
Managed cash overdraft	287,249	229,603
Accounts payable and accrued expenses	166,290	20,994
Deferred revenue	(34)	147,445
Funds held for the account of others	204,056	84,100
	<u>575,974</u>	<u>14,969</u>
Net cash provided by operating activities		
INVESTING ACTIVITIES:		
Net investment activity	(322,028)	(22,797)
Purchases of property and equipment	(450,619)	(432,417)
Net book value of property and equipment disposals	56,417	122,564
	<u>(716,230)</u>	<u>(332,650)</u>
Net cash used in investing activities		
FINANCING ACTIVITIES:		
Net borrowings under line of credit agreement	389,000	480,000
Issuance of loans payable	74,650	-
Repayment of loans payable	(154,834)	(27,791)
	<u>308,816</u>	<u>452,209</u>
Net cash provided by financing activities		
NET INCREASE IN CASH	168,560	134,528
CASH AT BEGINNING OF YEAR	<u>149,655</u>	<u>15,127</u>
CASH AT END OF YEAR	<u>\$ 318,215</u>	<u>\$ 149,655</u>

See notes to financial statements.

ASSOCIATED CATHOLIC CHARITIES OF NEW ORLEANS, INC.

**STATEMENTS OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 1996, WITH COMPARATIVE TOTALS FOR JUNE 30, 1995**

	Big Brothers/ Big Sisters	Foster Grandparents	Clinical Counseling	Maternity	Transitional Housing	Adult Day Health Care	Child Day Care	Emergency Assistance
Salaries and vacation benefits	\$ 137,378	\$ 39,928	\$ 202,009	\$ 75,995	\$ 24,474	\$ 357,324	\$ 1,024,000	\$ 15,697
Employee health and retirement benefits	6,499	3,191	16,722	4,156	1,625	14,053	43,369	81
Payroll taxes	11,703	3,430	17,233	6,826	2,119	31,761	87,118	1,418
Total salaries and related expenses	155,580	46,549	235,964	86,977	28,218	403,138	1,154,487	17,196
Professional fees and contract service payments	12,106	182,823	25,176	21,463	3,414	136,245	122,217	2,950
Supplies	4,607	1,029	6,769	8,366	642	138,105	273,469	384
Telephone	5,497	1,744	4,324	8,999	859	7,792	12,108	2,290
Postage and shipping	1,888	474	360	782	227	668	584	
Occupancy	15,955	4,220	36,970	40,892	15,002	64,222	208,355	5,721
Travel and transportation	4,592	667	1,603	4,530	575	7,460	12,902	
Conferences, conventions, and meetings	2,140	150	1,185	896	254	1,936	2,545	70
Printing and publications	4,195		1,352	1,786		3,026	4,033	
Specific assistance to individuals		58,570	134	36,819	47,407	10,135	6,798	23,409
Organization dues	5,619	50	320	100		1,220	50	
Management and general	20,175	21,620	32,535	31,594	8,545	76,001	151,735	5,136
Miscellaneous	2,438	5	41	350		792	25,838	
Interest								
Depreciation			1,334	526		2,157	39,946	412
TOTAL EXPENSES	\$ 234,792	\$ 317,901	\$ 348,067	\$ 244,080	\$ 105,143	\$ 852,897	\$ 2,015,067	\$ 57,568

(Continued)

ASSOCIATED CATHOLIC CHARITIES OF NEW ORLEANS, INC.

**STATEMENTS OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 1996, WITH COMPARATIVE TOTALS FOR JUNE 30, 1995**

	Emergency Shelter	Job Search	Domestic Violence	Aids Services	Padua Vocational	Adult Residential Care	Child Residential Care	Immigrant/ Refugee Services
Salaries and vacation benefits	\$ 288,331	\$ 99,742	\$ 206,913	\$ 129,854	\$ 103,023	\$ 964,748	\$ 4,222,361	\$ 337,638
Employee health and retirement benefits	11,332	6,349	13,344	9,314	5,599	46,355	172,550	17,922
Payroll taxes	<u>25,862</u>	<u>8,674</u>	<u>18,051</u>	<u>10,846</u>	<u>9,291</u>	<u>85,054</u>	<u>315,960</u>	<u>29,932</u>
Total salaries and related expenses	325,525	114,765	238,308	150,014	117,913	1,096,157	4,710,871	385,492
Professional fees and contract service payments								
Supplies	39,585	10,129	23,877	51,374	15,468	144,228	846,215	63,980
Telephone	75,290	9,315	45,120	8,871	1,419	160,955	495,520	91,570
Postage and shipping	4,728	7,363	5,709	5,352	877	15,270	35,120	10,637
Occupancy	96	52	819	2,416	227	961	5,619	4,460
Travel and transportation	79,796	17,368	40,816	20,716	4,974	285,644	563,684	47,468
Conferences, conventions, and meetings	1,498	165	1,719	11,165	2,208	60,788	78,840	10,572
Printing and publications	315	716	440	1,993	162	1,729	19,787	5,259
Specific assistance to individuals	911	1,050	1,540	2,770	387	1,152	17,600	6,166
Organization dues	3,713		1,128	46,429		323,363	409,356	39,916
Management and general	44,775	18,477	195	60	100	1,355	3,678	728
Miscellaneous	111	321	31,289	33,669	12,446	190,075	599,515	58,852
Interest			31	540		1,269	9,859	745
Depreciation	<u>20,234</u>	<u>1,332</u>	<u>9,776</u>	<u>22,813</u>		<u>44,777</u>	<u>331,209</u>	<u>6,917</u>
TOTAL EXPENSES	\$ 596,577	\$ 181,053	\$ 400,767	\$ 358,182	\$ 156,181	\$ 2,355,437	\$ 8,126,873	\$ 732,762

(Continued)

ASSOCIATED CATHOLIC CHARITIES OF NEW ORLEANS, INC.

**STATEMENTS OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 1996, WITH COMPARATIVE TOTALS FOR JUNE 30, 1995**

	Family Preservation	In-Home Services/ Elderly	Deaf Action Center	Branch Offices	Senior Groups	Social Adjustment	Parish Social Ministry	Other	Total
	1996	1996	1996	1996	1996	1996	1996	1996	1995
Salaries and vacation benefits	\$ 53,219	\$ 10,643	\$ 142,859	\$ 146,018	\$ 9,192	\$ 88,436	\$ 32,708	\$ -	\$ 9,175,014
Employee health and retirement benefits	1,931	205	6,507	9,664	516	6,759	2,150		400,282
Payroll taxes	4,625	996	12,828	12,296	856	7,052	1,320		741,457
Total salaries and related expenses	59,775	11,844	162,194	167,978	10,564	102,247	36,178	\$ -	\$ 9,817,934
Professional fees and contract service payments	2,728	870	244,673	23,831	1,669	16,476	3,958		1,995,455
Supplies	1,196	258	9,810	9,843	359	147,842	946		1,491,685
Telephone	1,807	446	4,510	3,267	429	1,766	1,522		142,416
Postage and shipping	478	115	1,416	566	439	192	407		23,246
Occupancy	5,083	1,133	22,205	19,698	1,802	39,388	3,704	11,936	1,556,752
Travel and transportation	2,219	25	7,923	1,004		15,210	838		226,503
Conferences, conventions, and meetings			2,347	568		370	223		42,761
Printing and publications	500		6,643	930	332	81	307		54,585
Specific assistance to individuals			313			9,402			1,017,392
Organization dues			806	80			25		14,386
Management and general	9,277	2,488	40,516	26,791	2,278	25,123	9,945		1,452,857
Miscellaneous			782	14		257	21		43,414
Interest								9,824	37,538
Depreciation	480		2,764	927		2,551	575	5,629	494,359
TOTAL EXPENSES	\$ 83,543	\$ 17,179	\$ 506,902	\$ 255,497	\$ 17,872	\$ 360,905	\$ 58,649	\$ 27,389	\$ 18,411,283

See notes to financial statements.

(Concluded)

ASSOCIATED CATHOLIC CHARITIES OF NEW ORLEANS, INC.

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 1996 AND 1995

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization - Associated Catholic Charities of New Orleans, Inc. (Agency), a not-for-profit charitable organization of the Roman Catholic Church of the Archdiocese of New Orleans, operates community social service programs and provides administrative support and financial management services to separately operated charitable programs which it sponsors. The accompanying financial statements include the accounts of all charitable programs which it operates or sponsors.

Basis of Presentation - During 1996, the Agency adopted the provisions of Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations," and applied this standard on a retroactive basis. SFAS No. 117 establishes standards for external financial reporting for not-for-profit organizations and requires that resources be classified for accounting and reporting purposes into three net asset categories according to externally (donor) imposed restrictions. A description of the three net asset categories follows:

Unrestricted - Assets and contributions that are not restricted by donors or for which there are no restrictions.

Temporarily restricted - A donor-imposed restriction that permits the Agency to use the donated assets as specified. The use of the assets is restricted until passage of time or by actions of the organization.

Permanently restricted - A donor-imposed restriction that stipulates that resources be maintained permanently but permits the use of all or part of the income derived.

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 amounts of assets and liabilities and disclosure 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.

Contributions - All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

The value of contributed goods and services has been recorded as support and revenue and expense in the period received provided there is an objective basis for measurement of the value of such goods and services and they are significant and form an integral part of the efforts of the program.

Allocation of Costs to Programs - The costs of administrative support that relate to more than one program have been allocated to the separate programs based on units of service, volume of activity or other equitable basis.

Investments - Investments are recorded at market value based on quoted market prices. Gains and losses, both realized and unrealized, are included in investment income in the statements of activities.

Property and Equipment - Property and equipment are carried at purchased cost or appraised values when acquired by donation or gift, with subsequent additions at cost. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets. Leasehold improvements are amortized over the estimated useful lives of the improvements.

The estimated useful lives used in determining depreciation and amortization follow:

Buildings and improvements	20 - 60 years
Leasehold improvements	10 years
Equipment	5 years
Vehicles	3 years

Income Tax - The Agency qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code of 1986. Accordingly, no provision for income taxes has been included in the accompanying financial statements.

Fair Value of Financial Instruments - The carrying value of the Agency's financial instruments including cash, accounts receivable, investments, accounts payable and accrued expenses is a reasonable estimate of their fair value. The fair value of the Agency's loans payable at June 30, 1996 is approximately \$2,296,152.

Prior Year Financial Information - The financial statements include certain prior-year comparative information in total but not by net asset class in the statements of activities and functional expenses. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Agency's financial statements for the year ended June 30, 1995, from which the information was derived.

Reclassifications - Certain reclassifications have been made to prior year balances in order to conform with current year classifications.

2. INVESTMENTS

At July 1, 1995, the Agency adopted the provisions of SFAS 124, "Accounting for Certain Investments Held by Not-for-Profit Organizations" which requires that certain equity and all debt securities be reported at fair value and applied it retroactively. The effect of this change was to increase fund balance by \$24,873 and decrease funds held for the account of others by \$96,938 at July 1, 1994.

Investments are comprised of the following:

	June 30, 1996		June 30, 1995	
	Cost	Market Value	Cost	Market Value
Certificates of deposit	\$ 52,000	\$ 52,000	\$ 52,000	\$ 52,000
Money market funds	326,749	326,749	16,940	16,940
Mutual funds	2,362,389	2,577,663	2,206,740	2,350,170
Corporate stocks	<u>25,685</u>	<u>-</u>	<u>25,685</u>	<u>-</u>
Total	2,766,823	2,956,412	2,301,365	2,419,110
Less allowance for unrealized losses on disposal of corporate stocks	<u>(25,685)</u>	<u>-</u>	<u>(25,685)</u>	<u>-</u>
Total investments	<u>\$2,741,138</u>	<u>\$2,956,412</u>	<u>\$2,275,680</u>	<u>\$2,419,110</u>

The Archdiocese of New Orleans administers an investment pool which represents the combined investments of several charitable programs which it operates or sponsors, as well as other organizations not affiliated with the Agency. The majority of the Agency's investments are held by the Archdiocese of New Orleans.

The corporate stocks held at June 30, 1996 and 1995 consist of unlisted securities.

The ownership of the investments at market value at June 30, 1996 and 1995 is as follows:

	1996	1995
Unrestricted net assets	\$ 536,364	\$ 163,956
Temporarily restricted net assets	524,934	522,083
Funds held for the account of others	<u>1,895,114</u>	<u>1,733,071</u>
Total	<u>\$2,956,412</u>	<u>\$2,419,110</u>

3. PROPERTY AND EQUIPMENT

A summary of property and equipment at June 30, 1996 and 1995 follows:

	1996	1995
Buildings and improvements	\$10,631,762	\$10,528,264
Leaschold improvements	1,253,278	1,132,955
Equipment	2,043,790	1,927,382
Vehicles	<u>582,815</u>	<u>525,079</u>
	14,511,645	14,113,680
Less accumulated depreciation and amortization	<u>(6,726,825)</u>	<u>(6,228,703)</u>
	7,784,820	7,884,977
Land	<u>499,531</u>	<u>499,531</u>
Total property and equipment, net	<u>\$ 8,284,351</u>	<u>\$ 8,384,508</u>

4. LOANS PAYABLE

Loans payable at June 30, 1996 and 1995 are summarized as follows:

	1996	1995
Unsecured demand borrowings, pursuant to a line of credit permitting borrowings up to \$2.5 million, bearing interest at the bank's prime rate plus 1/2% (8.75% and 10% at June 30, 1996 and 1995, respectively), guaranteed by the Roman Catholic Church of the Archdiocese of New Orleans	\$2,139,000	\$1,750,000
Mortgage notes payable in monthly installments approximating \$33,000, including interest at an annually adjustable rate (ranging from 4.82% to 9.00% at June 30, 1996 and 1995); final installments due between December, 2013 and July, 2015; collateralized by real estate with a net book value approximating \$400,000 at June 30, 1995	331,776	339,760
Unsecured note payable, non-interest bearing, due December, 1997	74,650	-
Unsecured demand borrowings bearing interest at the bank's prime rate plus 1/2% (10% at June 30, 1996)	<u>-</u>	<u>146,850</u>
Total loans payable	<u>\$2,545,426</u>	<u>\$2,236,610</u>

Annual principal payments on loans payable for each of the next five years and in total thereafter at June 30, 1996 follow:

Year Ending June 30,	
1997	\$2,146,983
1998	83,633
1999	9,983
2000	10,983
2001	11,983
Thereafter	<u>281,861</u>
 Total	 <u>\$2,545,426</u>

Interest paid during 1996 and 1995, all of which was charged to operations, approximated \$185,000 and \$171,000, respectively.

5. UNRESTRICTED NET ASSET BALANCE

The unrestricted net asset balance presented in the accompanying financial statements is the consolidation of all net assets of the programs and activities sponsored by the Agency. Some of these programs and activities are conducted by separately incorporated entities, while others are unincorporated or are conducted through the Agency corporation itself.

An analysis of the unrestricted net assets at June 30, 1996 and 1995 by corporation or program, is as follows:

	1996	1995
Hope Haven/Madonna Manor and St. Elizabeth's Home	\$ 8,983,598	\$ 7,274,826
Child Residential Care	194,801	629,853
All other corporations and programs, net (approximately 60 in number)	<u>(2,227,991)</u>	<u>(1,097,921)</u>
 Total	 <u>\$ 6,950,408</u>	 <u>\$ 6,806,758</u>

These net assets, while unrestricted in use as to the individual corporations or programs to which they relate, are not available for use in other programs unrelated in purpose or activity within the Agency.

6. RETIREMENT PLAN

The Agency has a defined contribution retirement plan covering substantially all of its employees. Under the plan, Agency contributions, if any, are determined annually at the discretion of the Agency. The Agency authorized a contribution of \$99,626 and \$93,744, for 1996 and 1995, respectively.

7. RELATED PARTIES

The Archbishop of New Orleans serves as president of Associated Catholic Charities of New Orleans, Inc. He also serves as president of all other corporations, boards of trustees and separate organizations sponsored by or operated under the auspices of the Archdiocese of New Orleans.

In the normal course of operations, the Archdiocese of New Orleans has made and will, when necessary, make available to the Agency and its affiliated agencies specific assistance in the form of operating subsidies, loans, loan guarantees, use of facilities and administrative support.

During fiscal year ended June 30, 1996 and 1995, the Agency purchased computer hardware and software from two related parties for approximately \$91,000 and \$140,000, respectively.

8. OPERATING LEASE OBLIGATIONS

The Agency operates a portion of its community social service programs in leased facilities under operating leases expiring at various dates through the year 2000. The leases are subject to cancellation under certain circumstances, including substantial changes in funding in the Agency's programs. The following is a schedule by years of future minimum rental payments required under those leases and equipment leases that have initial or remaining lease terms in excess of one year as of June 30, 1996:

Year Ending June 30,	
1997	\$ 193,072
1998	49,014
1999	22,834
2000	<u>14,500</u>
Total minimum payments required	<u>\$ 279,420</u>

Total rental expense for all operating leases for the year ended June 30, 1996 and 1995 approximated \$319,000 and \$331,000, respectively.

9. CONTINGENCIES

The Agency receives a substantial amount of its support from federal and state governments. A significant reduction in the level of this support, if this were to occur, may have a material effect on the Agency's programs and activities.

The Agency is required to submit reports to various funding sources to substantiate the support received. These reports are subject to audit and/or approval by the respective funding sources.

The Agency is a party to various litigation and other claims, the outcome of which cannot be presently determined. Management's opinion is that the outcome of such matters would not have a significant effect on the Agency's financial position.

* * * * *

**Deloitte &
Touche LLP**



Suite 3700
One Shell Square
701 Poydras Street
New Orleans, Louisiana 70139-3700

Telephone: (504) 581-2727
Facsimile: (504) 561-7293

INDEPENDENT AUDITORS' REPORT ON ADDITIONAL INFORMATION

Most Reverend Francis B. Schulte, D.D., President
Associated Catholic Charities of New Orleans, Inc.
New Orleans, Louisiana

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The additional information on pages 15 through 19 is presented for the purpose of additional analysis and is not a required part of the basic financial statements. This additional information is the responsibility of the Agency's management. Such information has been subjected to the auditing procedures applied in our audits of the basic financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

Deloitte & Touche LLP

November 27, 1996

ASSOCIATED CATHOLIC CHARITIES OF NEW ORLEANS, INC.

**STATEMENTS OF ACTIVITIES BY PROGRAM SERVICES
YEAR ENDED JUNE 30, 1996, WITH COMPARATIVE TOTALS FOR JUNE 30, 1995**

	Big Brothers/ Big Sisters	Foster Grandparents	Clinical Counseling	Maternity	Transitional Housing	Adult Day Health Care	Child Day Care	Emergency Assistance
REVENUES:								
Public support:								
Contributions	\$ 30,346	\$ 31,495	\$ 100	\$ 135,551	\$ 5,723	\$ 10,406	\$ 55,642	\$ 6,250
Contributed by associated organizations								30,643
Allocated by United Way of St. John Parish	93,481		229,424	23,255		98,744	565,514	
Allocated by United Way of St. Charles Parish	88,230					1,030	1,669	
Allocated by United Way for the Greater New Orleans Area								
Special events								
Total public support	<u>212,057</u>	<u>31,495</u>	<u>229,524</u>	<u>158,806</u>	<u>5,723</u>	<u>110,180</u>	<u>622,825</u>	<u>36,893</u>
Fees and grants from governmental agencies		<u>255,495</u>		<u>9,407</u>	<u>76,293</u>	<u>309,158</u>	<u>986,961</u>	<u>20,575</u>
Other revenue:								
Contributed goods and services		30,844				2,039	57,625	
Program service fees			112,232	91,891	15,451	462,907	296,836	
Investment income	20	67	105	1,152		18,935	22,656	
Miscellaneous				3,560		636	26,027	
Net assets released from restrictions								
Total other revenue	<u>20</u>	<u>30,911</u>	<u>112,337</u>	<u>96,603</u>	<u>15,451</u>	<u>484,517</u>	<u>403,144</u>	
Total revenues	<u>212,077</u>	<u>317,901</u>	<u>341,861</u>	<u>264,816</u>	<u>97,467</u>	<u>903,855</u>	<u>2,012,930</u>	<u>57,568</u>
EXPENSES:								
Salaries and vacation benefits	137,378	39,928	202,009	75,995	24,474	357,324	1,024,000	15,697
Employee health and retirement benefits	6,499	3,191	16,722	4,156	1,625	14,053	43,369	81
Payroll taxes	11,703	3,430	17,233	6,826	2,119	31,761	87,118	1,418
Total salaries and related expenses	<u>155,580</u>	<u>46,549</u>	<u>235,964</u>	<u>86,977</u>	<u>28,218</u>	<u>403,138</u>	<u>1,154,487</u>	<u>17,196</u>
Professional fees and contract service payments	12,106	182,823	25,176	21,463	3,414	136,245	122,217	2,950
Supplies	4,607	1,029	6,769	8,366	642	138,105	273,469	384
Telephone	5,497	1,744	4,324	8,999	859	7,792	12,108	2,290
Postage and shipping	1,888	474	360	782	227	668	584	
Occupancy	15,955	4,220	36,970	40,892	15,002	64,222	208,355	5,721
Travel and transportation	4,592	667	1,603	4,530	575	7,460	12,902	
Conferences, conventions, and meetings	2,140	150	1,185	896		1,936	2,545	
Printing and publications	4,195		1,352	1,786	254	3,026	4,033	70
Specific assistance to individuals		58,570	134	36,819	47,407	10,135	6,798	23,409
Organization dues	5,619	50	320	100		1,220	50	
Management and general	20,175	21,620	32,535	31,594	8,545	76,001	151,735	5,136
Miscellaneous	2,438	5	41	350		792	25,838	
Interest								
Depreciation			1,334	526		2,157	39,946	412
Total expenses	<u>234,792</u>	<u>317,901</u>	<u>348,067</u>	<u>244,080</u>	<u>105,143</u>	<u>852,897</u>	<u>2,015,067</u>	<u>57,568</u>
CHANGE IN NET ASSETS	<u>\$ (22,715)</u>	<u>\$ -</u>	<u>\$ (6,206)</u>	<u>\$ 20,736</u>	<u>\$ (7,676)</u>	<u>\$ 50,958</u>	<u>\$ (2,137)</u>	<u>\$ -</u>

ASSOCIATED CATHOLIC CHARITIES OF NEW ORLEANS, INC.

**STATEMENTS OF ACTIVITIES BY PROGRAM SERVICES
YEAR ENDED JUNE 30, 1996, WITH COMPARATIVE TOTALS FOR JUNE 30, 1995**

	Emergency Shelter	Job Search	Domestic Violence	Aids Services	Padua Vocational	Adult Residential Care	Child Residential Care	Immigrant/Refugee Services
REVENUES:								
Public support:	\$ 36,283	\$ 1,700	\$ 72,743	\$ 21,918	\$ -	\$ 83,255	\$ 182,204	\$ 7,500
Contributions	25,000							
Contributed by associated organizations								
Allocated by United Way of St. John Parish		37,800	12,744	63,658			19,520	680
Allocated by United Way of St. Charles Parish	166,618							
Allocated by United Way for the Greater New Orleans Area								
Special events								
Total public support	<u>227,901</u>	<u>39,500</u>	<u>85,487</u>	<u>85,576</u>		<u>83,255</u>	<u>201,724</u>	<u>8,180</u>
Fees and grants from governmental agencies	<u>334,322</u>	<u>134,750</u>	<u>326,354</u>	<u>232,348</u>	<u>120,134</u>	<u>1,931,865</u>	<u>7,091,976</u>	<u>550,858</u>
Other revenue:								
Contributed goods and services			5,440	6,294	(25,535)		792,147	28,586
Program service fees			2,501	48			57,612	319
Investment income	34,354						99,470	116,760
Miscellaneous							6,319	
Net assets released from restrictions								
Total other revenue	<u>34,354</u>		<u>7,941</u>	<u>6,342</u>	<u>(25,535)</u>	<u>332,470</u>	<u>955,548</u>	<u>145,665</u>
Total revenues	<u>596,577</u>	<u>174,250</u>	<u>419,782</u>	<u>324,266</u>	<u>94,599</u>	<u>2,347,590</u>	<u>8,249,248</u>	<u>704,703</u>
EXPENSES:								
Salaries and vacation benefits	288,331	99,742	206,913	129,854	103,023	964,748	4,222,361	337,638
Employee health and retirement benefits	11,332	6,349	13,344	9,314	5,599	46,355	172,550	17,922
Payroll taxes	25,862	8,674	18,051	10,846	9,291	85,054	315,960	29,932
Total salaries and related expenses	<u>325,525</u>	<u>114,765</u>	<u>238,308</u>	<u>150,014</u>	<u>117,913</u>	<u>1,096,157</u>	<u>4,710,871</u>	<u>385,492</u>
Professional fees and contract service payments	39,585	10,129	23,877	51,374	15,468	144,228	846,215	63,980
Supplies	75,290	9,315	45,120	8,871	1,419	160,955	495,520	91,570
Telephone	4,728	7,363	5,709	5,352	877	15,270	35,120	10,637
Postage and shipping	96	52	819	2,416	227	961	5,619	4,460
Occupancy	79,796	17,368	40,816	20,716	4,974	285,644	563,684	47,468
Travel and transportation	1,498	165	1,719	11,165	2,208	60,788	78,840	10,572
Conferences, conventions, and meetings	315	716	440	1,993	162	1,729	19,787	5,259
Printing and publications	911	1,050	1,540	2,770	387	1,152	17,600	6,166
Specific assistance to individuals	3,713		1,128	46,429		323,363	409,356	39,916
Organization dues			195	60	100	1,355	3,678	728
Management and general	44,775	18,477	31,289	33,669	12,446	190,075	599,515	58,852
Miscellaneous	111	321	31	540		1,269	9,859	745
Interest						27,714		
Depreciation	20,234	1,332	9,776	22,813		44,777	331,209	6,917
Total expenses	<u>596,577</u>	<u>181,053</u>	<u>400,767</u>	<u>358,182</u>	<u>156,181</u>	<u>2,355,437</u>	<u>8,126,873</u>	<u>732,762</u>
CHANGE IN NET ASSETS	\$ -	\$ (6,803)	\$ 19,015	\$ (33,916)	\$ (61,582)	\$ (7,847)	\$ 122,375	\$ (28,059)

(Continued)

ASSOCIATED CATHOLIC CHARITIES OF NEW ORLEANS, INC.

**STATEMENTS OF ACTIVITIES BY PROGRAM SERVICES
YEAR ENDED JUNE 30, 1996, WITH COMPARATIVE TOTALS FOR JUNE 30, 1995**

	Family Preservation	In-Home Services/Elderly	Deaf Action Center	Branch Offices	Senior Groups	Social Adjustment	Parish Social Ministry	Other	1996	1995
REVENUES:										
Public support:										
Contributions	\$ -	\$ 20	\$ 562	\$ 13,864	\$ -	\$ 53,249	\$ 57,464	\$ -	\$ 806,275	\$ 723,910
Contributed by associated organizations		10,165		48,000	17,131				82,939	111,079
Allocated by United Way of St. John Parish				115,817					48,000	43,005
Allocated by United Way of St. Charles Parish		4,833	109,806		211	139,881			115,817	113,428
Allocated by United Way for the Greater New Orleans Area			2,618						1,509,759	1,501,656
Special events		15,018	112,986	177,681	17,342	193,130	57,464		149,957	107,320
Total public support			236,599	(5,723)		36,878			2,712,747	2,600,398
Fees and grants from governmental agencies	83,400							144,000	12,875,750	12,663,763
Other revenue:										
Contributed goods and services			149,660	83,539	530	128,096			1,016,191	979,359
Program service fees						850			1,562,822	1,879,360
Investment income			2,038				4		103,442	110,517
Miscellaneous						1,951			257,318	134,707
Net assets released from restrictions									26,663	
Total other revenue			151,698	83,539	530	130,897	4		2,966,436	3,046,424
Total revenues	83,400	15,018	501,283	255,497	17,872	360,905	57,468	144,000	18,554,933	18,310,585
EXPENSES:										
Salaries and vacation benefits	53,219	10,643	142,859	146,018	9,192	88,436	32,708		8,712,490	9,175,014
Employee health and retirement benefits	1,931	205	6,507	9,664	516	6,759	2,150		400,193	400,282
Payroll taxes	4,625	996	12,828	12,296	856	7,052	1,320		705,251	741,457
Total salaries and related expenses	59,775	11,844	162,194	167,978	10,564	102,247	36,178		9,817,934	10,316,753
Professional fees and contract service payments	2,728	870	244,673	23,831	1,669	16,476	3,958		1,995,455	1,868,931
Supplies	1,196	258	9,810	9,843	359	147,842	946		1,491,685	1,417,340
Telephone	1,807	446	4,510	3,267	429	1,766	1,522		142,416	150,812
Postage and shipping	478	115	1,416	566	439	192	407		23,246	28,443
Occupancy	5,083	1,133	22,205	19,698	1,802	39,388	3,704	11,936	1,556,752	1,507,132
Travel and transportation	2,219	25	7,923	1,004		15,210	838		226,503	241,860
Conferences, conventions, and meetings			2,347	568		370	223		42,761	44,497
Printing and publications			6,643	930	332	81	307		54,585	59,513
Specific assistance to individuals	500		313			9,402			1,017,392	929,278
Organization costs			806	80			25		14,386	16,374
Management and general	9,277	2,488	40,516	26,791	2,278	25,123	9,945		1,452,857	1,679,836
Miscellaneous			782	14		257	21	9,824	43,414	161,393
Interest								5,629	37,538	40,691
Depreciation	480		2,764	927		2,551	575		494,359	496,845
Total expenses	83,543	17,179	506,902	255,497	17,872	360,905	58,649	27,389	18,411,283	18,959,698
CHANGE IN NET ASSETS	(143)	(2,161)	(5,619)	-	-	-	(1,181)	116,611	143,650	(649,113)

(Concluded)

ASSOCIATED CATHOLIC CHARITIES OF NEW ORLEANS, INC.

**STATEMENTS OF ACTIVITIES - CHILD RESIDENTIAL CARE
YEAR ENDED JUNE 30, 1996, WITH COMPARATIVE TOTALS FOR JUNE 30, 1995**

	Padua Pediatric	Hope Haven Center	Therapeutic Family Care	Independent Living Skills	St. John's House	Total
	1996	1996	1996	1996	1996	1995
REVENUES:						
Public support:						
Contributions	\$ 48,473	\$ 52,131	\$ 100	\$ 46,278	\$ 35,222	\$ 173,478
Contributions by associated organizations	8,206	14,394		(3,080)		4,435
Special events	56,679	66,525	100	43,198	35,222	21,779
Total public support	1,661,797	4,305,486	851,704	244,291	28,698	199,692
Fees and grants from governmental agencies						7,128,995
Other revenue:						
Contributed goods and services	44,807	658,656		88,684	910	771,800
Program service fees	5,065	51,637				369,750
Investment income	1,063	99,470			22	97,596
Miscellaneous	50,935	5,234				23,006
Total other revenue	1,769,411	814,997	851,804	88,684	932	1,204,852
Total revenues	1,110,246	5,187,008	1,703,508	376,173	64,852	8,533,539
EXPENSES:						
Salaries and vacation benefits	978,659	2,963,098	126,382	126,616	27,606	4,728,503
Employee health and retirement benefits	48,355	108,239	7,156	7,574	1,226	178,923
Payroll taxes	83,232	208,343	10,850	10,685	2,850	359,553
Total salaries and related expenses	1,110,246	3,279,680	144,388	144,875	31,682	5,266,979
Professional fees and contract service payments	180,142	273,523	372,922	13,294	6,334	852,545
Supplies	149,335	320,641	3,923	20,685	936	548,170
Telephone	3,400	22,091	5,451	2,679	1,499	36,995
Postage and shipping	782	3,098	1,444	288	7	6,398
Occupancy	98,569	405,492	11,892	39,431	8,300	596,966
Travel and transportation	12,826	48,805	4,358	12,248	603	76,261
Conferences, conventions, and meetings	523	13,390	795	5,079		19,787
Printing and publications	1,643	6,838	99	9,020		17,600
Specific assistance to individuals	41,491	34,345	222,113	109,670	1,737	409,356
Organization dues	1,471	832	1,275	100		3,678
Management and general	142,576	362,829	68,030	20,861	5,219	599,515
Miscellaneous	1,104	7,827	886		42	9,859
Depreciation	36,544	280,466	828	4,918	8,453	331,209
Total expenses	1,780,652	5,059,857	838,404	383,148	64,812	8,126,873
CHANGE IN NET ASSETS	\$ (11,241)	\$ 127,151	\$ 13,400	\$ (6,975)	\$ 40	\$ (398,220)

ASSOCIATED CATHOLIC CHARITIES OF NEW ORLEANS, INC.

**STATEMENTS OF ACTIVITIES - CHILD DAY CARE
YEAR ENDED JUNE 30, 1996, WITH COMPARATIVE TOTALS FOR JUNE 30, 1995**

	Leslie Day Care Center	St. Jude Baby Village	Flint - Goodridge Day Care Center	El Yo Yo Day Care Center	St. Anthony Day Care Center	Cabrini Day Care Center	Louise Day Care Center	Florida Child Development	Children's Day Care, Inc.	Total
	1996	1996	1996	1996	1996	1996	1996	1996	1996	1995
REVENUES:										
Public support:										
Contributions	\$ 32,089	\$ 6,424	\$ 1,193	\$ 4,798	\$ 2,267	\$ 300	\$ 6,002	\$ 1,364	\$ 1,205	\$ 47,242
Allocated by United Way for the Greater New Orleans Area		95,418	94,015	109,491	5,394	51,785	166,835	42,576		499,292
Special events			203		457		803	206		(50)
Total public support	32,089	101,842	95,411	114,289	8,118	52,085	173,640	44,146	1,205	546,484
Fees and grants from governmental agencies		51,125	47,136	90,641	314,367	184,807	93,813	205,072		932,948
Other revenue:										
Contributed goods and services	430	45,428	26,157	113,669	14,808	19,729	91,427	23,088	10,392	50,622
Program service fees					3,932	2,999		2,832		320,921
Investment income		13,736	110	134	5,999	4	2,219	24		78
Miscellaneous	26,027									3,963
Net assets released from restrictions										
Total other revenue	26,457	59,164	26,267	113,803	24,739	22,732	93,646	25,944	10,392	375,506
Total revenues	58,546	212,131	168,814	318,733	347,224	259,624	361,099	275,162	11,597	1,854,938
EXPENSES:										
Salaries and vacation benefits	22,695	102,761	93,317	152,057	168,592	153,579	164,935	166,064		966,153
Employee health and retirement benefits	810	5,382	2,953	6,698	7,045	5,232	10,856	4,393		41,232
Payroll taxes	2,043	9,413	8,520	13,970	13,474	11,453	15,069	13,176		81,804
Total salaries and related expenses	25,548	117,556	104,790	172,725	189,111	170,264	190,860	183,633		1,089,189
Professional fees and contract service payments	2,720	13,039	10,985	17,874	22,159	13,831	26,217	15,392		100,806
Supplies	9,341	31,908	19,905	55,355	48,447	24,733	51,681	32,099		246,197
Telephone	1,015	1,373	598	1,249	1,582	2,761	2,476	1,054		12,819
Postage and shipping	214	51	32	41	61	29	128	28		357
Occupancy	6,361	25,058	13,861	36,903	42,182	21,485	50,097	8,356	4,052	183,602
Travel and transportation	112	1,232	983	1,454	1,711	1,818	1,511	4,081		11,592
Conferences, conventions, and meetings	50	230	189	288	479	562	275	472		1,663
Printing and publications	322	405	371	607	386	719	617	534	72	2,203
Specific assistance to individuals	2	813	919	1,107	694	280	2,043	940		5,357
Organization dues		7	7	7	7	7	7	8		50
Management and general	4,127	16,627	13,200	24,456	25,436	19,450	28,347	20,092		160,538
Miscellaneous	44	2,999	2,713	4,788	4,364	3,170	4,270	3,490		25,991
Depreciation	8,690	833	261	1,879	10,605	515	2,570	4,983	9,610	45,613
Total expenses	58,546	212,131	168,814	318,733	347,224	259,624	361,099	275,162	13,734	1,885,977
CHANGE IN NET ASSETS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (2,137)	\$ (31,039)

OFFICIAL
FILE COPY

DO NOT SEND OUT

(Xerox necessary
copies from this
copy and PLACE
BACK IN FILE)

**ASSOCIATED CATHOLIC
CHARITIES OF NEW ORLEANS,
INC.**

**Independent Auditors' Reports and Information
Required by Government Auditing Standards
for the Year Ended 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 _____

07 JUN 2 1996

ASSOCIATED CATHOLIC CHARITIES OF NEW ORLEANS, INC.

TABLE OF CONTENTS

	Page
Independent Auditors' Report on the Schedule of Governmental Financial Assistance	1
Schedule of Governmental Financial Assistance	2
Independent Auditors' Report on the Internal Control Structure Based on the Audit of the Financial Statements	5
Independent Auditors' Report on Compliance Based on the Audit of Financial Statements	7
Independent Auditors' Report on the Internal Control Structure used in Administering Governmental Financial Assistance Programs	8
Independent Auditors' Report on Compliance with the General Requirements Applicable to Governmental Financial Assistance Programs	11
Independent Auditors' Report on Compliance with Specific Requirements Applicable to Major Governmental Financial Assistance Programs	13
Independent Auditors' Report on Compliance with Requirements Applicable to Nonmajor Governmental Financial Assistance Program Transactions	14
Schedule of Findings and Questioned Costs	15
Status of Prior Year Audit Findings	18

Deloitte & Touche LLP



Suite 3700
One Shell Square
701 Poydras Street
New Orleans, Louisiana 70139-3700

Telephone: (504) 581-2727
Facsimile: (504) 561-7293

INDEPENDENT AUDITORS' REPORT ON THE SCHEDULE OF GOVERNMENTAL FINANCIAL ASSISTANCE

Most Reverend Francis B. Schulte, D.D., President
Associated Catholic Charities of New Orleans, Inc.
New Orleans, Louisiana

We have audited the financial statements of Associated Catholic Charities of New Orleans, Inc. (Agency), a nonprofit organization, as of and for the year ended June 30, 1996, and have issued our report thereon dated November 27, 1996. These financial statements are the responsibility of the management of the Agency. 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 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. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic 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 made for the purpose of forming an opinion on the financial statements of Associated Catholic Charities of New Orleans, Inc. taken as a whole. The accompanying Schedule of Governmental Financial Assistance for the year ended June 30, 1996, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. This schedule is the responsibility of the management of the Agency. Such schedule has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

This report is intended for the information of the board of directors, audit committee, management, and the State of Louisiana. However this report is a matter of public record and its distribution is not limited.

Deloitte & Touche LLP

November 27, 1996

ASSOCIATED CATHOLIC CHARITIES OF NEW ORLEANS, INC.

SCHEDULE OF GOVERNMENTAL FINANCIAL ASSISTANCE YEAR ENDED JUNE 30, 1996

	Federal CFDA #	Revenue on Accrual Basis
MAJOR PROGRAMS:		
Passed through the State of Louisiana and other local agencies:		
Department of Social Services		
Office of Community Service		
- Child Residential Care		\$ 2,611,411
- Child Day Care		100,642
- Refugee Social Services	93.566	280,699
- Targeted Assistance	93.026	107,307
- Social Services Block Grant	13.667	66,392
- Residential Supervised Apartment	93.667	107,135
- Independent Living	93.674	<u>234,376</u>
		<u>3,507,962</u>
Department of Health and Hospitals		
Office of the Secretary		
- Adult Residential Care		1,426,386
- Child Residential Care		1,602,309
- Adult Day Health Care		224,123
- Maternity		<u>9,407</u>
		<u>3,262,225</u>
Department of Public Safety and Corrections -		
Office of Youth Development		
- Child Residential Care		<u>2,517,584</u>
Total Community Action		
- Child Day Care		<u>599,983</u>
Total major programs		<u>9,887,754</u>
NONMAJOR PROGRAMS:		
Passed through the State of Louisiana and other local agencies:		
Department of Education - Special Food Program		
- Child Day Care		234,546
- Adult Day Health Care		<u>81,109</u>
		<u>315,655</u>

(Continued)

ASSOCIATED CATHOLIC CHARITIES OF NEW ORLEANS, INC.

SCHEDULE OF GOVERNMENTAL FINANCIAL ASSISTANCE YEAR ENDED JUNE 30, 1996

	Federal CFDA #	Revenue on Accrual Basis
NONMAJOR PROGRAMS (Continued):		
Department of Education-School Lunch Program - Child Residential Care		<u>111,133</u>
Department of Housing and Urban Development - Transitional Housing		76,293
- Emergency Shelter Care		124,439
- Child Day Care		<u>53,550</u>
		<u>254,282</u>
Department of Health and Hospitals - Office of Public Health - Immigrant/Refugee Services		<u>49,628</u>
United Way Emergency Food/Shelter Program - Emergency Assistance		20,676
- Emergency Shelter Care		18,957
- Domestic Violence		<u>6,153</u>
		<u>45,786</u>
New Orleans Ryan White Title I Comprehensive AIDS Planning Council - City of New Orleans - AIDS Services		<u>146,422</u>
U.S. Department of Agriculture - Emergency Shelter Care		26,127
- Domestic Violence		<u>8,690</u>
		<u>34,817</u>
Law Enforcement Assistance Administration - Domestic Violence		<u>53,632</u>
Miscellaneous Grants		<u>18,043</u>
Total nonmajor programs		<u>2,987,996</u>
TOTAL GOVERNMENTAL FINANCIAL ASSISTANCE		<u>\$12,875,750</u>

The CFDA numbers and amounts of Federal awards from certain of the above state agency funding sources were not available.

(Concluded)



**INDEPENDENT AUDITORS' REPORT ON THE INTERNAL CONTROL STRUCTURE
BASED ON THE AUDIT OF THE FINANCIAL STATEMENTS**

**Most Reverend Francis B. Schulte, D.D., President
Associated Catholic Charities of New Orleans, Inc.
New Orleans, Louisiana**

We have audited the financial statements of Associated Catholic Charities of New Orleans, Inc. (Agency) as of and for the year ended June 30, 1996, and have issued our report thereon dated November 27, 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 the Agency is responsible for establishing and maintaining the 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 the Agency 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.

We also performed procedures on the internal control structure and its operation used to administer governmental financial assistance programs, which we reported to management of the Agency, in a report dated November 27, 1996.

This report is intended for the information of the board of directors, audit committee, management, and the State of Louisiana. However this report is a matter of public record and its distribution is not limited.

Deloitte & Touche LLP

November 27, 1996

Deloitte & Touche LLP



Suite 3700
One Shell Square
701 Poydras Street
New Orleans, Louisiana 70139-3700

Telephone: (504) 581-2727
Facsimile: (504) 561-7293

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE BASED ON THE AUDIT OF FINANCIAL STATEMENTS

Most Reverend Francis B. Schulte, D.D., President
Associated Catholic Charities of New Orleans, Inc.
New Orleans, Louisiana

We have audited the financial statements of Associated Catholic Charities of New Orleans, Inc. (Agency) as of and for the year ended June 30, 1996, and have issued our report thereon dated November 27, 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.

Compliance with laws, regulations, contracts, and grants applicable to the Agency is the responsibility of the management of the Agency. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Agency'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 herein under Government Auditing Standards.

We also tested compliance with laws and regulations related to governmental financial assistance, which we reported to the Agency's management in our reports dated November 27, 1996 on compliance related to government federal financial assistance.

This report is intended for the information of the board of directors, audit committee, management, and the State of Louisiana. However this report is a matter of public record and its distribution is not limited.

Deloitte & Touche LLP

November 27, 1996



INDEPENDENT AUDITORS' REPORT ON THE INTERNAL CONTROL STRUCTURE USED IN ADMINISTERING GOVERNMENTAL FINANCIAL ASSISTANCE PROGRAMS

Most Reverend Francis B. Schulte, D.D., President
Associated Catholic Charities of New Orleans, Inc.
New Orleans, Louisiana

We have audited the financial statements of Associated Catholic Charities of New Orleans, Inc. (Agency) as of and for the year ended June 30, 1996, and have issued our report thereon dated November 27, 1996. We have also audited the Agency's compliance with requirements applicable to major governmental financial assistance programs and have issued our report thereon dated November 27, 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 Agency complied with laws and regulations, noncompliance with which would be material to a major governmental financial assistance program.

In planning and performing our audits for the year ended June 30, 1996, we considered the Agency's internal control structure and assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinions on the Agency's 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 governmental financial assistance programs. We have addressed internal control structure policies and procedures relevant to our audit of the financial statements in a separate report dated November 27, 1996.

The management of the Agency 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 governmental financial assistance 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 governmental financial assistance programs in the following categories:

Accounting Controls:

- Cash receipts/revenues
- Cash disbursements/expenses
- Property and equipment
- Payroll
- General ledger

Controls Used in Administering Governmental Financial Assistance Programs:

General Requirements:

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

Specific Requirements:

- Types of services allowed or unallowed
- Eligibility
- Matching, level of effort, or earmarking
- Reporting
- Cost allocation
- Monitoring subrecipients
- Special tests and provisions
- 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.

During the year ended June 30, 1996, the Agency received 76% of its total governmental financial assistance revenue under major governmental financial assistance 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 Agency's major programs, which are identified in the accompanying Schedule of Governmental Financial Assistance. 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 governmental financial assistance 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 governmental financial assistance 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 used in administering governmental financial assistance programs that we consider to be material weakness as defined above.

This report is intended for the information of the board of directors, audit committee, management, and the State of Louisiana. However this report is a matter of public record and its distribution is not limited.

Deloitte & Touche LLP

November 27, 1996



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH THE GENERAL
REQUIREMENTS APPLICABLE TO GOVERNMENTAL FINANCIAL ASSISTANCE
PROGRAMS**

Most Reverend Francis B. Schulte, D.D., President
Associated Catholic Charities of New Orleans, Inc.
New Orleans, Louisiana

We have audited the financial statements of Associated Catholic Charities of New Orleans, Inc. (Agency) as of and for the year ended June 30, 1996, and have issued our report thereon dated November 27, 1996. We have also audited the Agency's compliance applicable to requirements of major governmental financial assistance programs and have issued our report thereon dated November 27, 1996.

We have applied procedures to test the Agency's compliance with the following requirements applicable to its governmental financial assistance programs, which are identified in the accompanying Schedule of Governmental Financial Assistance, for the year ended June 30, 1996:

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

The requirements of the Davis-Bacon Act are not applicable to the governmental financial assistance programs, which are identified in the Schedule of Federal Awards.

Our procedures were limited to the applicable procedures described in Office of Management and Budget's Compliance Supplement for 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 the Agency'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 the Agency had not complied, in all material respects, with those requirements. However, the results of our procedures disclosed

immaterial instances of noncompliance with those requirements, which are described in the accompanying Schedule of Findings and Questioned Costs.

We also reported on compliance with laws and regulations related to our audit of the financial statements and with requirements related to major and nonmajor governmental financial assistance programs, which we reported to the Agency's management in our reports dated November 27, 1996.

This report is intended for the information of the board of directors, audit committee, management, and the State of Louisiana. However this report is a matter of public record and its distribution is not limited.

Deloitte & Touche LLP

November 27, 1996

Deloitte & Touche LLP



Suite 3700
One Shell Square
701 Poydras Street
New Orleans, Louisiana 70139-3700

Telephone: (504) 581-2727
Facsimile: (504) 561-7293

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH SPECIFIC REQUIREMENTS APPLICABLE TO MAJOR GOVERNMENTAL FINANCIAL ASSISTANCE PROGRAMS

Most Reverend Francis B. Schulte, D.D., President
Associated Catholic Charities of New Orleans, Inc.
New Orleans, Louisiana

We have audited the financial statements of Associated Catholic Charities of New Orleans, Inc. (Agency) as of and for the year ended June 30, 1996, and have issued our report thereon dated November 27, 1996.

We have also audited the Agency's compliance with the requirements governing types of services allowed or unallowed; eligibility; reporting; cost allocation; special tests and provisions; and claims for advances and reimbursements that are applicable to each of its major governmental financial assistance programs, which are identified in the accompanying Schedule of Governmental Financial Assistance, for the year ended June 30, 1996. The management of the Agency is responsible for the Agency'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 these 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 above occurred. An audit includes examining, on a test basis, evidence about the Agency's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed immaterial instances of noncompliance with the requirements referred to above, which are described in the accompanying Schedule of Findings and Questioned Costs. We considered these instances of noncompliance in forming our opinion on compliance, which is expressed in the following paragraph.

In our opinion, the Agency complied, in all material respects, with the requirements governing types of services allowed or unallowed; eligibility; reporting; cost allocation; special tests and provisions; and claims for advances and reimbursements that are applicable to each of its major governmental financial assistance programs for the year ended June 30, 1996.

This report is intended for the information of the board of directors, audit committee, management, and the State of Louisiana. However this report is a matter of public record and its distribution is not limited.

Deloitte & Touche LLP

November 27, 1996

Deloitte Touche
Tohmatsu
International

Deloitte & Touche LLP



Suite 3700
One Shell Square
701 Poydras Street
New Orleans, Louisiana 70139-3700

Telephone: (504) 581-2727
Facsimile: (504) 561-7293

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO NONMAJOR GOVERNMENTAL FINANCIAL ASSISTANCE PROGRAM TRANSACTIONS

Most Reverend Francis B. Schulte, D.D., President
Associated Catholic Charities of New Orleans, Inc.
New Orleans, Louisiana

We have audited the financial statements of Associated Catholic Charities of New Orleans, Inc. (Agency) as of and for the year ended June 30, 1996, and have issued our report thereon dated November 27, 1996. We have also audited the Agency's compliance applicable to requirements of major governmental financial assistance programs and applied procedures to test compliance with general requirements applicable to governmental financial assistance programs and have issued our reports thereon dated November 27, 1996.

In connection with our audit of the 1996 financial statements of the Agency and with our consideration of the Agency's internal control structure used to administer governmental financial assistance programs and our assessment of control risk, 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 governmental financial assistance programs for the year ended June 30, 1996.

As required by OMB Circular A-133, we have performed auditing procedures to test compliance with the requirements governing types of services allowed or unallowed, 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 the Agency'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 Agency had not complied, in all material respects, with those requirements. However, the results of our procedures disclosed immaterial instances of noncompliance with those requirements, which are described in the accompanying Schedule of Findings and Questioned Costs.

This report is intended for the information of the board of directors, audit committee, management, and the State of Louisiana. However this report is a matter of public record and its distribution is not limited.

Deloitte & Touche LLP

November 27, 1996

ASSOCIATED CATHOLIC CHARITIES OF NEW ORLEANS, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 1996

I. GENERAL REQUIREMENTS

PROPERTY MANAGEMENT

Major Programs and Nonmajor Programs

1. Condition

The Agency does not maintain property records that identify the source of funding for property, the agency that has title to the property or property owned by the federal government.

Criteria

OMB Circular A-110 requires that a recipient maintain property records that include, among other things, the identification of the source of the property, including grant or other agreement number; the agency that has title to the property; percentage of federal participation in the program for which the property was acquired; and identification of property owned by the federal government.

Effect

The Agency's property records do not identify federally owned property.

Cause

Although the Agency maintains a property subledger, detail of property purchased with federal funding is not identified as management has not implemented procedures that would ensure compliance with this requirement.

Recommendation

We recommend that the Agency implement a property management system that will ensure accurate records, adequate maintenance and control, and proper procedures for disposition of property.

Management's Response

When property and/or equipment is purchased, it is always recorded to a particular institution/program as the owner. We do not normally identify a particular funding source as the owner of the item in question as that rarely happens. If property/equipment is purchased with particular governmental funding, that is not identified as part of the description of that particular asset. Also, the Agency receives very little funding, governmental or otherwise, that is for capital purchases. While we are aware that it is incumbent upon us to ensure that assets that ultimately belong to the funding source are properly identified if program services are terminated, we believe we have a way to do that without having to note, for all assets acquired, the percentage of government funding for the institution/program acquiring the item in question.

2. **Condition**

The Agency has not performed a physical inventory of property in the last two years.

Criteria

OMB Circular A-110 requires that a recipient perform a physical inventory of property and that the results of such procedures be reconciled with the recipient's property records at least once every two years.

Effect

The Agency does not have procedures in place for the performance of property physical inventories.

Cause

This finding appears to have occurred because management has not fully implemented procedures that would ensure compliance with this requirement.

Recommendation

We recommend that the Agency's property management system include procedures for performing a physical inventory observation at least once every two years and that the results of such performance be reconciled to the Agency's property records on a timely basis.

Management's Response

The Agency recently began performing a physical inventory of its fixed assets. We do not have a timetable for completion, however the Agency has added one full-time staff person to perform this task.

II. **SPECIFIC REQUIREMENTS**

ELIGIBILITY

Major Program - Total Community Action

Condition

In examining twenty-five participants' eligibility at a Child Day Care program, we noted 16 instances where the participants records did not contain hearing and/or vision screenings within 45 days after entering the program.

Criteria

The Head Start program requires the Agency to provide health and development screenings for all participants within 45 days after the start of the program or by 45 days after the child enters the program.

Effect

The Agency did not provide necessary health screenings within the time frame required by Total Community Action.

Cause

Although the Agency has procedures for adhering to the performance standards of the program, it appears that in some instances the program does not provide the required screenings timely.

Recommendation

We recommend the Agency adhere to its policies and procedures by providing the required screenings of participants within the required time frame.

Management's Response

Total Community Action (TCA) requires health and vision screenings within 45 days of a child's entry into a Headstart day care program and there were several children who did not meet this requirement. In the absence of specific information from TCA, the following response is offered. TCA only offers referrals for these screenings, to a limited list of examiners, during the month of September. If a child comes into the program at some time other than the start of the day care year, it is the responsibility of the parent to obtain these screenings. Unfortunately, it is difficult to require this of parents after the child is already in the program as there is no formal mechanism for follow-up and enforcement of this requirement, not to mention the inability of the parent to pay for the screenings.

ASSOCIATED CATHOLIC CHARITIES OF NEW ORLEANS, INC.

STATUS OF PRIOR YEAR AUDIT FINDINGS YEAR ENDED JUNE 30, 1996

Finding - OMB Circular A-110, Property Management Standards

We noted that the Agency's property records do not identify the source of funding for the property, the agency that has title to the property or property owned by the federal government.

Status

As noted in the accompanying Schedule of Findings and Questioned Costs, property records have not been updated in accordance with Circular A-110.

Finding - OMB Circular A-110, Property Management Standards

We noted that the Agency had not completed a physical inventory of property as required by OMB Circular A-110.

Status

As noted in the accompanying Schedule of Findings and Questioned Costs, the Agency has not completed a physical inventory of its property.

Finding - Head Start

We noted eight instances where participants in the Head Start Program did not receive hearing and/or vision screenings within 45 days after entering the program.

Status

As noted in the accompanying Schedule of Findings and Questioned Costs, instances were noted where the Program did not receive hearing and/or vision screenings within the required time period.