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FINANCIAL STATEMENTS

JUNE 30, 1967

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Release Date: ~~6-22-67~~

TRAC  
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August 22, 1997

**INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
TASC  
Baton Rouge, Louisiana

Ladies and Gentlemen:

I have audited the accompanying statement of financial position of TASC (a nonprofit organization) as of June 30, 1997, and the related statements of activities, and cash flows for the year then ended. These financial statements are the responsibility of TASC's management. My responsibility is to express an opinion on these financial statements based upon my audit.

I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion the financial statements referred to above present fairly, in all material respects, the financial position of TASC as of June 30, 1997, and the changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

As discussed in Note #1 U to the Financial Statements, TASC changed its method of accounting for contributions and its method

Board of Directors  
August 12, 1987  
Page 2

of financial reporting and financial statement presentation in the year ending June 30, 1987.

In accordance with Government Auditing Standards, I have also issued my report dated August 22, 1987, on my consideration of TASC's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants.

My audit was performed for the purpose of forming an opinion on the basic financial statements of TASC taken as a whole. The accompanying schedule of expenditures of federal/state awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Also, the schedule of functional expenses on page 18 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 my opinion, is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.



TRAC  
STATEMENT OF FINANCIAL POSITION  
June 30, 1981

ASSETS

Assets	1981
Cash	\$ 84,054
Accounts receivable	80,778
Prepaid expenses and deposits	2,423
Trust Investment	59,924
Leasehold improvements	1,047
Furniture and equipment	49,784
Vehicles	34,481
Less: accumulated depreciation	(133,288)
<b>Total Assets</b>	<b>\$ 337,553</b>

LIABILITIES AND NET ASSETS

<u>Liabilities and Net Assets</u>	
Accounts payable	\$ 8,255
Accrued payroll	5,303
Payroll taxes payable	1,603
Other payroll withholding liabilities	1,162
<b>Total Liabilities</b>	<b>16,323</b>
<u>Net Assets</u>	
Unrestricted net assets	281,933
Permanently restricted net assets	55,620
<b>Total Net Assets</b>	<b>337,553</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 337,553</b>

The accompanying notes are an integral part of this statement.

TRAC  
 STATEMENT OF ACTIVITIES  
 YEAR ENDED JUNE 30, 1997

	1997
<b>PUBLIC SUPPORT</b>	
Contributions	\$ 33,943
Donations	50,563
Memberships	338
Contributions - United Way	33,140
Donated facilities	32,000
<b>Total received directly</b>	<b>131,284</b>
<b>REVENUES</b>	
Fees and grants from Governmental Agencies and private insurers	\$ 682,399
Interest income	2,655
Miscellaneous	8,804
<b>Total revenues</b>	<b>693,858</b>
<b>Total Public Support and Revenues</b>	<b>825,802</b>
<b>EXPENSES</b>	
Program services	682,520
Supporting services	
Management & general	77,382
<b>Total Expenses</b>	<b>759,902</b>
<b>CHANGE IN NET ASSETS</b>	<b>65,900</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>181,000</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 246,900</b>

The accompanying notes are an integral part of this statement.

TSPC  
STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 1993

	1993
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Change in net assets	\$ 66,967
Adjustments to reconcile change to net cash provided by operating activities:	
Depreciation	6,126
(Increase) Decrease in:	
Accounts receivable	34,386
Prepaid expenses	7,963
Increase (Decrease) in:	
Accounts payable	16,524
Accrued payroll	5,483
Payroll taxes payable	(248)
Other payroll withholding liabilities	233
	100,480
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>100,480</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchases of equipment	(34,769)
Purchases of investments	(11,352)
	(46,121)
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>(46,121)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Repayments of long-term debt	(13,830)
	(13,830)
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>(13,830)</b>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>40,529</b>
<b>CASH, BEGINNING OF YEAR</b>	<b>35,074</b>
<b>CASH, END OF YEAR</b>	<b>\$ 75,603</b>
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:</b>	
Cash paid during the year for:	
Interest	\$ 426

The accompanying notes are an integral part of this statement.

TABC  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR END, 1997

**NOTE #1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Nature of Activities**

TABC is a private, non-profit organization whose purpose is to provide an early intervention program for children, birth to three years of age, with developmental needs or handicaps, or at risk of having developmental needs or handicaps. TABC also provides advocacy services to individuals with disabilities.

**B. Basis of Presentation**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of TABC and changes therein are classified and reported as follows:

Unrestricted net assets: Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets: Net assets subject to donor-imposed stipulations that may or will be met, either by actions of TABC and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets: Net assets subject to donor-imposed stipulations that they be maintained permanently by TABC. Generally, the donors of these assets permit TABC to use all or part of the income earned on any related investments for general or specific purposes.

**C. Financial Statement Presentation**

In 1997, TABC adopted Statement of Financial Accounting Standards (SFAS) No. 317, "Financial Statements of Not-for-Profit Organizations." Under SFAS No. 317, TABC is



TRAC  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 1997

**NOTE #1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

required to report information regarding its financial position and activities according to three classes of net assets (unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets) based upon the existence or absence of donor-imposed restrictions. As permitted by this Statement, TRAC has discontinued its use of fund accounting and has, accordingly, reclassified its financial statements to present the three classes of net assets required. The reclassification had no cumulative effect on the change in net assets for the year ended June 30, 1997.

TRAC also adopted SFAS No. 114, "Accounting for Contributions Received and Contributions Made," in 1997. In accordance with SFAS No. 114, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. The adoption had no cumulative effect on net assets at the date of the adoption.

**D. Income Taxes**

TRAC is exempt from federal income taxes under section 501 (c)(3) of the Internal Revenue Code, and therefore has made no provision for federal income taxes in the accompanying financial statements. In addition, TRAC has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 170(e) of the Internal Revenue Code. There was no unrelated business income for 1997.

**E. Allocation of Supporting Service Expenditures**

Certain overhead expenses have been allocated between Program services and Supporting services based on budgeted revenue for programs which last twelve months or more, and whose budgeted revenue exceeds \$50,000.

**F. Cash and Cash Equivalents**

TRAC considers all highly liquid investments available for current use with an initial maturity of three months

TARC  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 1997

NOTE #1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

or less to be cash equivalents.

**G. Contributions**

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets, and reported in the statement of activities as net assets released from restrictions.

**H. Fixed Assets**

Fixed assets acquired by TARC are considered to be owned by TARC; however, State funding sources may maintain equitable interest in the property purchased with grant monies as well as the right to determine the use of any proceeds from the sale of these assets. The State has a reversionary interest in those assets purchased with its funds which have a cost of \$500 or more and an estimated useful life of at least one year.

TARC follows the practice of capitalizing, at cost, all expenditures for fixed assets in excess of \$500. Depreciation is computed on a straight-line basis over the useful lives of the assets generally as follows:

	Estimated Useful Life	Cost
Leasehold improvements	5-10 years	\$ 1,057
Furniture and equipment	5-10 years	48,748
Vehicles	3 years	38,481
		<u>\$ 50,286</u>

Depreciation expense was \$8,138 for the year ending June 30, 1997.

TARC  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 1997

NOTE #1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Functional Allocation of Expenses

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

J. Estimates

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

K. Support and Expenses

TARC receives its grant and contract support primarily from the State Department of Health and Hospitals and other State Agencies (see Note 11 - Summary of Grants/Contracts Funding). TARC receives client fees, Medicaid income, and Medicare income for billable client services and recognizes these fees and income when earned.

NOTE #2: ACCOUNTS RECEIVABLE

Receivables at June 30, 1997, are summarized below. TARC anticipates that substantially all receivables will be collected and no provision for uncollectible receivables has been provided.

	<u>June 30,</u> <u>1997</u>
Due from State of Louisiana:	
Department of Health and Hospitals:	
Infant Rehabilitation	6 33,462
OSR Part B Grant	22,723
Medicare	16,083
Other Receivables	15,000
	<u>\$ 87,268</u>

**TABC**  
**NOTE TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 1997**

**NOTE 83: ACCRUED VACATION AND LEAVE - EMPLOYEE BENEFITS**

Employees of TABC accrue annual vacation and leave at various rates and number of days. There is a six (6) month probationary period for all new employees prior to accruing any vacation or leave. Any vacation days carried over to the following fiscal year must be used by the first of August of that year or be forfeited. There was \$1,000 of accrued leave at June 30, 1997.

**NOTE 84: COMMITMENTS AND CONTINGENCIES**

TABC receives a substantial portion of its revenues from Government grants and contracts which require the Commission to obtain a contract compliance audit of expenditures charged to the contracts. These may be subject to retroactive adjustments by third party payors. Management is not aware of any proposed adjustments and no provision for estimated retroactive adjustment has been provided.

**NOTE 85: DONATED FACILITIES, MATERIALS, EQUIPMENT AND SERVICES**

Donated facilities are reflected as revenue received directly from the public with a corresponding expense to program services in the amount of \$12,000. The estimated value was determined by inquiry of real estate agents in the general area.

TABC records the value of donated goods or services when there is an objective basis available to measure their value.

Donated materials and equipment are reflected as contributions in the accompanying statements at their estimated fair market values at the date of receipt. There were no equipment donations as of June 30, 1997. The value of donated services is not reflected in the accompanying financial statements because there is no objective basis available to measure the value of such services and the amount of time donated is immaterial.

TABC was awarded a van by the Department of Transportation and Development, which was in 1997. The Registration was required to pay 33% of the cost of the Van, or \$9,785.

TASC  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 1997

**NOTE #6: LEASES**

TASC signed a five year lease on September 30, 1993 with the State of Louisiana, for a 4,400 square foot building located at 301 East Church Street, Hammond, Louisiana. The consideration was the mutual benefit, advantages, and convenience to be derived by the public in the operation of TASC. The donated facilities were valued at \$22,000 annually.

TASC leased an office building for sixty months for a monthly rent of \$400 in May, 1996. The lease expense for the year ending June, 30, 1997 was \$7,200.

At June 30, 1997, future minimum payments required under leases were as follows:

	Operating Leases
1998	\$ 7,200
1999	6,800
Total minimum lease payments	\$ 14,000

**NOTE #7: SALARY REDUCTION PROGRAM**

TASC offered its employees a 401(k)(7) salary reduction program. Participation in this program is voluntary, and TASC does not contribute to this program.

**NOTE #8: TRUST INVOLVEMENT**

Investments as of June 30, 1997, are summarized as follows:

Certificate of deposit	\$ 18,328
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Permanently restricted net assets are endowment funds consisting of \$15,000 which is included in the certificate of deposit along with the interest which has been reinvested but can be used for operating expenses.

These funds were invested in a certificate of deposit that pays interest of 6.5%, and matures October 1, 1998. At June 30, 1997, there was interest income in the

TRAC  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 1997

NOTE #8: TRUST INVESTMENT - ADMINISTRATOR

amount of \$9,326, which is recorded in unrestricted net assets.

NOTE #9: FAIR VALUE OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used to estimate the fair value of each class of financial instruments:

Cash and cash equivalents - Fair value approximates carrying value due to the initial maturities of the instruments being three months or less.

Investments - Certificate of Deposit - Fair value approximates carrying value because the stated rates are similar to rates currently available to TRAC with similar terms.

The estimated fair values of TRAC's financial instruments at June 30, 1997, are as follows:

	<u>Carrying Amount</u>	<u>Fair Value</u>
Financial assets:		
Cash and cash equivalents	\$ 84,056	\$ 84,056
Investments	18,326	18,326

NOTE #10: CONCENTRATION OF CREDIT RISK

TRAC maintains several bank accounts at two banks. Accounts at an institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000. Cash at both of these institutions did not exceed Federally insured limits.

TASC  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 1997

NOTE #11: REVENUE OF GRANTS/CONTRACTS FUNDING

TASC was primarily funded through the following grants and contracts for the period July 1, 1996 to June 30, 1997.

<u>Funding Source</u>	<u>Grant Contract Number</u>	<u>Period</u>	<u>Contract</u>	<u>Support</u>
State Department Health and Hospitals	140-722004	7/1/96-6/30/97	\$282,481	\$282,481
State Department of Education	84.101 84-CIT9-83	7/1/96-6/30/97	\$147,128	\$171,563
<u>TOTAL GRANTS AND CONTRACTS</u>				<u>\$454,044</u>

EXPLEMENTARY INFORMATION



FISC  
 STATEMENT OF FUNCTIONAL EXPENSES  
 YEAR ENDED JUNE 30, 1952

	PROGRAM EXPENSES			
	INFANT PROGRAM	MEDICATED & PRIVATE INSURANCE	PART II	CRACK MANAGEMENT
Salaries	\$ 149,181	0	\$ 101,883	\$ 128,044
Payroll taxes and benefits	19,888		3,718	24,954
<b>Total employee compensation</b>	<b>169,069</b>		<b>105,601</b>	<b>153,000</b>
Affiliation fees				
Billing agent fees		2,651		5,308
Central office overhead	41,453			44,051
Contract therapist services	1,774	41,702	38,592	
Dues and subscriptions	558			185
Equipment	74		4,534	192
Fund raising expenses				
Insurance	2,721		868	842
Interest				
Meeting expenses				
Miscellaneous	427		47	481
Office expenses	881			245
Postage			15	
Professional services				
Rent	8,284			1,448
Repairs and maintenance-buildings	4,872			1,484
Repairs and maintenance - office equipment				
Repairs and maintenance - vehicles	1,182			
Supplies - general	1,801	127		324
Supplies - training	7,780		399	
Telephones	317			188
Training	1,781		787	1,475
Travel and seminars	11,479		1,414	11,894
Utilities	4,302			1,728
<b>Total expenses before depreciation</b>	<b>379,313</b>	<b>44,484</b>	<b>182,122</b>	<b>201,470</b>
Depreciation of Fixed Assets	4,472			258
<b>Total Functional Expenses</b>	<b>\$ 383,785</b>	<b>\$ 44,484</b>	<b>\$ 182,122</b>	<b>\$ 201,728</b>

<u>TOTAL PROGRAM EXPENSES</u>	<u>SUPPORTING SERVICES</u>	<u>TOTAL EXPENSES MEMORANDUM ONLY 8-30-57</u>
\$ 368,798	\$ 8,318	\$ 378,116
<u>37,340</u>	<u>3,018</u>	<u>40,358</u>
<u>405,938</u>	<u>11,336</u>	<u>418,284</u>
	2,483	2,683
7,994		7,994
105,514	18,438	123,952
83,488		83,488
883	194	2,097
4,780	1,362	6,002
	3,831	3,831
4,937	1,548	6,309
	1,518	1,618
1,085	1,289	2,384
1,288	4,624	5,970
18	47	62
	3,273	3,273
6,484	32,144	38,640
8,274	148	8,516
1,182	88	1,240
1,354	71	1,425
8,178	1,219	9,394
513		513
4,243	1,594	6,837
24,290	894	25,184
<u>8,005</u>	<u>178</u>	<u>8,288</u>
<u>677,500</u>	<u>77,172</u>	<u>754,782</u>
<u>4,330</u>	<u>208</u>	<u>4,538</u>
<u>\$ 682,830</u>	<u>\$ 77,380</u>	<u>\$ 760,210</u>

ERIC  
SCHEDULE OF FEDERAL/STATE AWARDS  
FOR THE FISCAL YEAR/ FISC. YEAR 1987

<u>FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE</u>	<u>CFDA OR OTHER NUMBER</u>	<u>PASS-THROUGH GRANTOR'S NUMBER</u>	<u>DISBURSEMENTS/ EXPENDITURES</u>
<u>State Department of Health and Hospitals</u>			
Infant Rehabilitation	348-700004	00010	\$ 393,401
<u>Department of Education</u>			
IDEA Part B	04.103	96-C073-01	102,123
Total			<u>\$ 495,524</u>

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August 22, 1987

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors  
TARC  
Baton Rouge, Louisiana

I have audited the financial statements of TARC (a nonprofit organization) as of and for the year ended June 30, 1987, and have issued my report thereon dated August 22, 1987. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered TARC's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its

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

operation that I consider to be material weaknesses.

This report is intended for the information of the management and Board of Directors of TASC, the Legislative Auditor's office and various granting agencies. However, this report is a matter of public record, and its distribution is not limited.

James M. Caplan

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August 23, 1997

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH  
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND  
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE  
WITH GSA CIRCULAR A-133**

Board of Directors  
TARC  
Baton Rouge, Louisiana

**Compliance**

I have audited the compliance of TARC, a nonprofit organization with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Requirements that are applicable to each of its major federal programs for the year ended June 30, 1997. TARC's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of TARC's management. My responsibility is to express an opinion on TARC's compliance based on my audit.

I conducted my audit of compliance in accordance with generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." These standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about TARC's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on TARC's compliance with those requirements.

LEGISLATIVE AUDITOR'S REPORT ON COMPLIANCE WITH  
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND  
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE  
WITH OMB CIRCULAR A-133  
(CONCLUDED)

In my opinion, TASC complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal/state award programs for the year ended June 30, 1987.

Internal Control Over Compliance

The management of TASC is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to Federal programs. In planning and performing my audit, I considered TASC's internal control over compliance with requirements that could have a direct and material effect on a major Federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

My consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major Federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over compliance and its operation that I considered to be material weaknesses.

This report is intended for the information of the management and the Board of Directors of TASC, the Legislative Auditor's office and various granting agencies. However, this report is a matter of public record, and its distribution is not limited.

