

ORIGINAL
THIS COPY

DO NOT SEND OUT

EXACT REPRODUCTION
TAKEN FROM THIS
COPY AND PLACED
HEREIN.

97101324
9217

37

Financial Report

Lafourche ARC

Thibodaux, Louisiana

June 30, 1998

Under provisions of state law, this report is a public document. A copy of this report has been distributed to the recipient, or recipient entity and other appropriate public officials. The report is available for public inspection at the District Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 044 7 6 1998

TABLE OF CONTENTS**Lafayette ABC**

June 30, 1998

	Exhibits	Page Number
Introductory Section		
Title Page		i
Table of Contents		ii - iii
Financial Section		
Independent Auditor's Report		1
Statements of Financial Position	A	2
Statements of Activities	B	3 - 4
Statement of Functional Expenses - 1998	C	5 - 6
Statement of Functional Expenses - 1997	D	7 - 8
Statements of Cash Flows	E	9
Notes to Financial Statements	F	10 - 17
	Schedules	Page Number
Supplementary Information Section		
Independent Auditor's Report on Supplemental Information		18
Schedule of Program Financial Position	1	19 - 20
Schedule of Program Activities	2	21 - 22

TABLE OF CONTENTS
(Continued)

June 30, 1998

	<u>Schedule</u>	<u>Page Number</u>
Schedule of Program Services Expenses	3	23 - 24
Schedule of Support Services Expenses	4	25 - 26
Special Report of Certified Public Accountants		
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards		27 - 28
Schedule of Findings		29
Reports by Management		
Schedule of Prior Year Findings		30
Management's Corrective Action Plan		31



Bourgeois Bennett

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors,
Lafayette ARC,
Thibodaux, Louisiana.

We have audited the accompanying statements of financial position of Lafayette ARC (the Association), a nonprofit organization, as of June 30, 1998 and 1997, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Association'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 the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Association as of June 30, 1998 and 1997, and the changes in its net assets and its cash flows for the years then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 19, 1998, on our consideration of the Association's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Bourgeois Bennett, LLC

Certified Public Accountants

Houma, La.,
October 19, 1998.

STATEMENTS OF FINANCIAL POSITION

Lafourche ARC

June 30, 1998 and 1997

	<u>1998</u>	<u>1997</u>
Assets		
Cash	\$ 730,793	\$ 537,231
Investments	2,096,998	1,933,622
Due from State of Louisiana	649,817	941,967
Accounts receivable	45,793	74,398
Unconditional promises to give	162,147	178,024
Prepaid insurance	18,877	18,070
Deposits	29,538	21,287
Buildings, furniture and equipment, net of accumulated depreciation, \$843,831 (\$781,821 in 1997)	<u>1,342,946</u>	<u>1,075,034</u>
Totals	<u>\$ 5,276,908</u>	<u>\$ 4,380,643</u>
Liabilities		
Accounts payable and accrued liabilities	\$ 200,594	\$ 96,106
Note payable	<u>350,000</u>	<u>-</u>
Total liabilities	<u>550,594</u>	<u>96,106</u>
Net Assets		
Unrestricted	4,564,167	4,166,513
Temporarily restricted	<u>162,147</u>	<u>178,024</u>
Total net assets	<u>4,726,314</u>	<u>4,344,537</u>
Totals	<u>\$ 5,276,908</u>	<u>\$ 4,380,643</u>

See notes to financial statements.

STATEMENTS OF ACTIVITIES

Lakewood ARC

For the years ended June 30, 1998 and 1997

	1998	1997
Changes in Unrestricted Net Assets		
Support and Revenues		
Support:		
Governmental Grants:		
Office for Citizens with Developmental Disabilities	\$ 338,974	\$ 373,846
Group Services:		
Residential services	2,295,445	2,299,619
Respite	1,662,717	1,596,202
State institution	282,660	283,847
Unassociated group	33,793	52,804
Shared workshop, net of \$117,598 (\$603,035 in 1997) of direct costs	138,374	114,974
Contributions	3,311	38,970
Client income	208,872	197,379
Total unrestricted support	4,998,966	4,938,937
Revenues:		
Interest income	137,373	61,768
Miscellaneous	38,261	734
Total unrestricted revenue	175,634	62,502
Net Assets Released from Restrictions:		
Expiration of time restriction	15,877	-
Total unrestricted support, revenue and net assets released from restrictions	5,189,877	5,000,940
Expenses		
Program services:		
Medical and nursing	35,336	29,699
Therapeutic and training	3,484,563	3,946,332
Recreational	6,174	2,925
Consultants	75,576	65,323
Total program services	3,597,649	4,044,269
Support services:		
Administrative and general	714,858	645,243
Plant operations and maintenance	82,840	89,913
Costs related to capital assets	199,438	179,713
Dietary expenses	87,513	74,247
Laundry and linen	3,833	2,558
Housekeeping	42,579	42,378
Personal client needs	22,512	18,574
Total support services	1,198,559	1,082,214
Total expenses	4,795,223	4,166,486

**Exhibit B
(Continued)**

	<u>1998</u>	<u>1997</u>
Increase in Unrestricted Net Assets	454,654	924,460
Changes in Temporarily Restricted Net Assets		
Expiration of time restriction	<u>(15,877)</u>	<u>178,024</u>
Increase in Net Assets	438,777	1,102,484
Net Assets		
Beginning of year	<u>4,284,537</u>	<u>3,182,053</u>
End of year	<u>\$ 4,723,314</u>	<u>\$ 4,284,537</u>

STATEMENT OF FUNCTIONAL EXPENSES

Lakewood & BC

For the year ended June 30, 1998

	Program Services				
	Medical and Nursing	Diagnostic and Training	Home- based	Outpatient	Total
Control office	\$ -	\$ -	\$ -	\$ -	\$ -
Vehicle - gas, oil and repairs	-	-	-	-	-
Salary, payroll taxes and benefits	-	3,600,187	-	-	3,600,187
Insurance	-	-	-	-	-
Supplies	6,863	49,700	6,714	-	63,277
Travel and expenses	-	-	-	-	-
Telephone	-	-	-	-	-
Books and subscriptions	-	-	-	-	-
Training in service	-	-	-	-	-
License	-	-	-	-	-
Postage	-	-	-	-	-
Professional fees	-	-	-	-	-
Other	1,179	-	-	365	1,544
Contract - outside services	-	31,488	-	75,171	106,659
Maintenance and repairs	-	-	-	-	-
Utilities	-	-	-	-	-
Depreciation	-	-	-	-	-
Lease	-	-	-	-	-
Food	-	-	-	-	-
Linens and bedding	-	-	-	-	-
Cleaning	-	-	-	-	-
Medical services	19,831	-	-	-	19,831
Prescriptions	7,998	-	-	-	7,998
Education	-	2,089	-	-	2,089
Bad debt	-	-	-	-	-
Total expenses	\$ 31,831	\$ 3,681,362	\$ 6,714	\$ 76,536	\$ 3,806,443

See notes to financial statements.

Supporting Services

Administrative and General	Fleet Operations and Maintenance	Capital Assets	Dining	Laundry and Linen	Room-keeping Supplies	Personal Effect Funds	Total	Grand Total
\$ 207,628	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 207,628	\$ 291,628
55,558	-	-	-	-	-	-	55,558	11,110
-	-	-	-	-	-	-	-	3,401,197
110,228	-	-	-	-	-	-	110,228	111,220
20,880	-	-	1,185	1,715	41,170	-	67,294	180,617
20,520	-	-	-	-	-	-	20,520	20,521
11,788	-	-	-	-	-	-	11,788	11,789
-	-	-	-	-	-	-	-	-
5,280	-	-	-	-	-	-	5,280	1,291
4,428	-	-	-	-	-	-	4,428	4,430
5,054	-	-	-	-	-	-	5,054	3,034
14,000	-	-	-	-	-	-	14,000	14,000
11,110	-	-	-	-	-	10,592	22,776	24,800
-	507	-	10,660	-	-	-	10,660	86,299
-	28,758	-	-	-	-	-	28,758	28,758
-	10,620	-	-	-	-	-	10,620	10,621
-	-	110,000	-	-	-	-	110,000	125,820
-	-	79,600	-	-	-	-	79,600	79,400
-	-	-	71,061	-	-	-	71,061	71,061
-	-	-	-	1,108	-	-	1,108	1,108
-	-	-	-	-	-	10,620	10,620	10,620
-	-	-	-	-	-	-	-	10,411
-	-	-	-	-	-	-	-	7,984
-	-	-	-	-	-	-	-	2,085
120,428	-	-	-	-	-	-	120,428	120,428
<u>\$ 714,644</u>	<u>\$ 45,640</u>	<u>\$ 100,600</u>	<u>\$ 81,141</u>	<u>\$ 1,811</u>	<u>\$ 40,570</u>	<u>\$ 10,510</u>	<u>\$ 1,414,533</u>	<u>\$ 4,708,000</u>

STATEMENT OF FUNCTIONAL EXPENSES

Lafayette ABC

For the year ended June 30, 1977

	Program Services				Total
	Medical and Nursing	Diagnostic and Training	Research	Community	
Central office	\$ -	\$ -	\$ -	\$ -	\$ -
Vehicles - gas, oil and repairs	-	-	-	-	-
Ribway, parcel boxes and freights	-	2,889,228	-	-	2,889,228
Insurance	-	-	-	-	-
Supplies	4,021	80,996	2,926	-	49,943
Tired and salaries	-	-	-	-	-
Telephone	-	-	-	-	-
Fees and subscriptions	-	-	-	-	-
Training-in-service	-	-	-	-	-
Licenses	-	-	-	-	-
Printing	-	-	-	-	-
Professional fees	-	-	-	-	-
Other	200	-	-	2,569	2,769
Contracts - outside services	-	-	-	29,776	29,776
Maintenance and repairs	-	-	-	-	-
Utilities	-	-	-	-	-
Expansions	-	-	-	-	-
Lease	-	-	-	-	-
Food	-	-	-	-	-
Furniture and bedding	-	-	-	-	-
Clothing	-	-	-	-	-
Medical services	10,786	-	-	-	10,786
Phonographs	7,084	-	-	-	7,084
Exhibitions	-	24,000	-	-	24,000
Field fees	-	-	-	-	-
Total expenses	\$ 29,091	\$ 2,946,124	\$ 2,926	\$ 28,376	\$ 3,004,517

See notes to financial statements.

Admin- istrative and General	Plant Operations and Maintenance	Supporting Services						Grand Total
		Capital Assets	Electricity	Laundry and Linen	House- keeping Supplies	Personal Union Benefits	Total	
\$ 244,273	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 244,273	\$ 244,273
88,273	-	-	-	-	-	-	88,273	88,273
-	-	-	-	-	-	-	-	3,889,339
138,448	-	-	-	-	-	-	138,448	138,448
18,888	-	-	588	248	41,278	-	42,202	88,681
26,879	-	-	-	-	-	-	26,879	26,879
13,288	-	-	-	-	-	-	13,288	33,248
111	-	-	-	-	-	-	111	111
2,558	-	-	-	-	-	-	2,558	2,558
2,568	-	-	-	-	-	-	2,568	2,981
2,028	-	-	-	-	-	-	2,028	2,028
18,424	-	-	-	-	-	-	18,424	18,424
8,668	-	-	-	-	-	8,288	17,928	23,768
-	881	-	6,212	-	-	-	7,093	88,883
-	38,884	-	-	-	-	-	38,884	38,884
-	44,628	-	-	-	-	-	44,628	83,512
-	-	188,213	-	-	-	-	188,213	188,213
-	-	78,588	-	-	-	-	78,588	78,588
-	-	-	67,487	-	-	-	67,487	67,487
-	-	-	-	3,884	-	-	3,884	2,884
-	-	-	-	-	-	9,188	9,188	9,188
-	-	-	-	-	-	-	-	15,288
-	-	-	-	-	-	-	-	2,188
-	-	-	-	-	-	-	-	28,029
128,244	-	-	-	-	-	-	128,244	128,244
<u>\$ 681,241</u>	<u>\$ 58,881</u>	<u>\$ 198,213</u>	<u>\$ 74,247</u>	<u>\$ 3,798</u>	<u>\$ 42,578</u>	<u>\$ 18,524</u>	<u>\$ 1,063,244</u>	<u>\$ 8,188,888</u>

STATEMENTS OF CASH FLOWS

Lafayette ARC

For the year ended June 30, 1998 and 1997

	1998	1997
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 438,777	\$ 1,302,484
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	125,020	103,204
Decrease (increase) in operating assets:		
Receivables	(79,248)	(96,274)
Unconditional promises to give	15,877	(178,024)
Prepaid insurance	193	20,772
Deposits	(8,241)	(17,624)
Increase (decrease) in operating liabilities:		
Accounts payable	167,488	(27,789)
Total adjustments	181,292	(175,645)
Net cash provided by operating activities	590,869	905,839
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(2,153,697)	(2,382,752)
Proceeds from maturity of investments	2,190,321	1,778,885
Proceeds from sale of land	-	18,360
Payments for construction in progress	-	(9,578)
Purchase of building	(100,000)	-
Purchase of vehicles	(97,239)	(25,192)
Purchase of furniture and fixtures	(45,893)	(24,031)
Net cash used by investing activities	(106,508)	(1,694,388)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment to the State of Louisiana	-	(94,815)
Net increase (decrease) in cash	183,361	(222,204)
CASH		
Beginning of year	537,251	759,455
End of year	\$ 730,612	\$ 537,251
SUPPLEMENTAL DISCLOSURES		
Interest paid	\$ 34,136	\$ -

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS**Lafourche ABC**

June 30, 1998 and 1997

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**a) Nature of Organization**

The Association operates six residential community homes and three day care facilities to provide intermediate care and habilitation for the mentally retarded. The Association also provides respite services to families of mentally retarded individuals.

b) Financial Statement Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations". Under SFAS No. 117, the Association is 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. The Association had no permanently restricted net assets at June 30, 1998 and 1997.

c) Basis of Accounting

The financial statements of the Association have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

d) 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 reported amounts of support, revenues and expenses during the reporting period. Actual results could differ from these estimates.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Cash and Cash Equivalents

For purposes of the statements of cash flows, the Association considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

f) Investments

Investments which are comprised of certificates of deposit, a U.S. Treasury Bill and a Federal National Mortgage Association security at June 30, 1998 and 1997, are stated at cost, which approximates market.

g) Bad Debts

The financial statements of the Association contain no allowance for bad debts. Uncollectible receivables are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. These amounts are not considered to be material in relation to the financial position or change in net assets.

h) Building, Furniture and Equipment

Building, furniture and equipment are stated at cost. Additions, improvements and expenditures that add materially to productive capacity or extend the life of an asset are capitalized. Depreciation is computed on a straight-line basis over the following estimated useful lives:

Buildings	20 - 30 years
Furniture and fixtures	5 - 8 years
Equipment:	
Vehicles	3 - 5 years
Other	5 years

i) Promises to Give

Contributions are recognized when the donor makes promise to give to the Association that is, in substance, unconditional. Contributions that are restricted by the donor are reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted contributions, if any, are reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Prorates to Give (Continued)

stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

j) Donated Services

No amounts have been reflected in the financial statements for donated services. The Association pays for most services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Association with specific assistance programs, and various committee assignments.

k) Compensated Absence

On July 1st, all full-time receive from 12 to 21 days of leave depending on years of service. These days are to cover both vacation and sick leave. Leave must be taken by September 1st of the next fiscal year or the leave is lost. There is no material accumulated leave at June 30, 1998 and accordingly, the financial statements do not include a provision for compensated absence.

l) Functional Expenses

The costs of providing various services and other activities have been summarized on a functional basis in the Statement of Activities and the Statement of Functional Expenses in accordance with cost-reporting regulations of the Louisiana Department of Health and Hospitals. Accordingly, certain costs have been allocated among the services and activities benefited. Transactions and resulting balances of charges for services between the Association's programs have been eliminated from the financial statements.

m) Income Taxes

The Association is a non-profit organization and is exempt from income taxes under Section 501 (c) (3) of the Internal Revenue Code of 1954, as amended. Therefore, no provisions for income taxes have been made.

Note 2 - CASH AND INVESTMENTS

During the year ended June 30, 1998 and 1997, the Association maintained its cash deposits and certificates of deposit with a single bank. As of June 30, 1998 and 1997, all deposits, certificates of deposit and the U.S. Treasury were secured by FDIC insurance, the United States government and United States and other government securities pledged to the Association. Investments in the Federal National Mortgage Association are unsecured.

Note 3 - DUE FROM STATE OF LOUISIANA

Amounts due from the State of Louisiana at June 30, 1998 and 1997 were as follows:

	<u>1998</u>	<u>1997</u>
Department of Health and Hospitals	\$648,382	\$540,727
Department of Social Services	<u>1,515</u>	<u>1,280</u>
Totals	<u>\$649,897</u>	<u>\$542,007</u>

Note 4 - UNCONDITIONAL PROMISES TO GIVE

All restrictions of net assets at June 30, 1998 relate to time restrictions placed on unconditional promises to give. Temporarily restricted net assets consists of unconditional promises to give at June 30, 1998 as follows:

	<u>1998</u>
Unconditional promises	\$200,000
Unamortized discount	<u>(37,855)</u>
Net unconditional promises to give	<u>\$162,145</u>
Amounts due in:	
Less than one year	\$ 25,000
One to five years	125,000
More than five years	<u>12,145</u>
Total unconditional promises to give	<u>\$200,000</u>

Note 4 - UNCONDITIONAL PROMISES TO GIVE (Continued)

Unconditional promises to give are reflected at the present value of estimated future cash flows using a discount rate of 5.2% and no provision has been made for uncollectible amounts.

Note 5 - BUILDINGS, FURNITURE AND EQUIPMENT

Building, furniture and equipment at June 30, 1998 and 1997 consist of the following:

	<u>1998</u>	<u>1997</u>
Land	\$ 34,500	\$ 34,500
Buildings	1,320,426	962,388
Life safety code additions	4,349	4,349
Vehicles	502,300	495,909
Furniture and fixtures	448,545	402,852
Medical equipment	2,038	2,038
Minor equipment	<u>14,619</u>	<u>14,619</u>
	2,386,777	1,896,655
Less: Accumulated depreciation	<u>843,831</u>	<u>781,621</u>
Net buildings, furniture and equipment	<u>\$1,542,946</u>	<u>\$1,115,034</u>

Note 6 - LEASE COMMITMENTS

Commitments under lease agreements for residential community homes provide for future minimum rental payments as follows:

	<u>1999</u>	<u>2000</u>	<u>Total</u>
Chuckey	\$19,800	\$19,800	\$ 39,600
Country Club	5,600	-	5,600
Diplomat Way	19,200	19,200	38,400
Namur Street	<u>10,200</u>	<u>10,200</u>	<u>20,400</u>
Totals	<u>\$54,800</u>	<u>\$49,200</u>	<u>\$104,000</u>

Rental expenses incurred under leases amounted to \$74,400 and \$76,500 for the years ended June 30, 1998 and 1997, respectively.

Note 7 - NOTES PAYABLE - CURRENT

On March 31, 1998, the Association borrowed funds to finance the purchase of a building to be used as the central office operations center. The note is payable to Hibernia National Bank in the amount of \$350,000 due July 1, 1998 bearing interest at 8% annually and is secured by a certificate of deposit.

Note 8 - CENTRAL OFFICE OVERHEAD

The central office was established to account for supporting program expenses common to the residential programs. Each program reimburses the central office for its share. As of July 1, 1997, the amount allocated to each program, as supporting service-administrative and general is based upon time and level of efforts expended as measured by expenses per program compared to total expenses. Prior to July 1, 1997, the amount allocated to each program, as supporting service-administrative and general was measured by time and attendance records. For the years ended June 30, 1998 and 1997, personal service and occupancy costs amounting to \$297,628 and \$244,275, respectively, were incurred.

The amounts allocated to each residential program are as follows:

	<u>1998</u>	<u>1997</u>
Chickbay Community Home	\$ 18,774	\$ 20,356
Country Club Community Home	13,798	20,356
Diplomat Way Community Home	18,700	20,356
Stevens Community Home	16,267	20,356
Narrow Street Community Home	13,867	20,356
Terry Community Home	18,234	20,356
Respite	92,787	51,269
Supervised Apartments	33,588	12,214
Daycare Services	<u>71,613</u>	<u>38,638</u>
Totals	<u>\$297,628</u>	<u>\$244,275</u>

Note 9 - RELATED PARTY TRANSACTIONS

Various auto repair and maintenance services were provided to the Association by a business partially owned by an employee of the Association. Total payments made to this business for the year ending June 30, 1998 and 1997 amounted to \$13,649 and \$17,413, respectively.

Note 9 - RELATED PARTY TRANSACTIONS (Continued)

The Association maintains all its cash and investments in one bank. One of the Association's board members is also a board member for this bank.

Note 10 - LETTER OF CREDIT

At June 30, 1998, a letter of credit amounting to \$6,600 relating to the local matching funds for Section 5310 Elderly and Disabled Grants Program to purchase equipment under State Project No. 738-99-0391 and Federal Project No. LA-16-0023 was outstanding. A promissory note in the amount of \$6,600 secures the letter of credit. The note will only be drawn against if the letter of credit is presented to the bank for payment. The note is due on demand and if drawn against will bear interest at the current prime rate plus four on the outstanding balance. At June 30, 1998, \$6,600 remains available on the letter of credit.

Note 11 - ECONOMIC DEPENDENCY

The Association receives federal and state funding on a per diem per client/unit basis, on a reimbursement for actual expenditure basis. Federal and state match funding from the Department of Health and Human Services, passed through the Louisiana State Department of Health and Hospitals Office of Family Security, Medical Assistance Program - Medicaid/Title XIX are on a per diem basis. These payments, reported as residential services and respite revenues, are considered a payment for a service as opposed to a grant award.

In addition, the Association receives state grants from the Department of Health and Hospitals Office for Citizens with Developmental Disabilities on a per diem basis.

If significant budget cuts are made at the federal, state and/or local levels the amount of the funds the Association receives could be reduced significantly and have an adverse impact on its operations. Management is not aware of any actions that will adversely affect the amount of funds the Association will receive in the next fiscal year.

Note 12 - RETIREMENT PLAN

The Association adopted a 401(k) retirement plan effective July 1, 1997. The plan covers all employees who are at least 21 years of age with one or more years of service. The Association makes contributions to the plan at their discretion. The Association's contributions for the year ended June 30, 1998, was \$44,268.

Note 13 - SUPPLEMENTAL CASH FLOW INFORMATION

During the year ended June 30, 1998, the Association entered into a non-cash financing transaction for \$350,000 that was applied to the purchase of a building.

SUPPLEMENTAL INFORMATION



Bourgeois Bennett

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTAL INFORMATION

To the Board of Directors,
Lafayette ARC,
Thibodaux, Louisiana.

Our report on our audit of the basic financial statements of Lafayette ARC (the Association), a nonprofit organization, as of and for the year ended 1998 appears on page 1. That audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information contained in Schedules 1 through 4 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Houma, La.,
October 19, 1998.

SCHEDULE OF PROGRAM FINANCIAL POSITION

Lafourche ABC

June 30, 1998

	<u>Residential</u>					
	<u>Chalkey</u>	<u>Country Club</u>	<u>Diplomat Way</u>	<u>Sioux</u>	<u>Summit Street</u>	<u>Terry</u>
Assets						
Cash	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200
Investments	171,515	177,521	243,715	21,230	285,345	184,358
Due from State of Louisiana	24,486	20,791	23,238	29,379	21,362	27,486
Accounts receivable	4,625	3,591	4,765	258	3,892	3,400
Unconditional promises to give	-	-	-	-	-	-
Due from other programs	86,771	112,685	82,660	89,827	61,345	-
Prepaid insurance	1,569	1,263	1,432	1,829	939	1,833
Deposits	70	25	95	23	105	105
Buildings, furniture and equipment, net of accumulated depreciation, \$843,831	76,877	12,635	13,763	343,223	20,735	38,864
Totals	\$ 346,331	\$ 368,639	\$ 371,637	\$ 458,159	\$ 313,141	\$ 165,294
Liabilities						
Accounts payable and accrued liabilities	\$ 5,852	\$ 8,843	\$ 18,899	\$ 12,488	\$ 8,637	\$ 11,802
Note payable	-	-	-	-	-	-
Due to other programs	-	-	-	364,563	-	2,888
Total liabilities	5,852	8,843	18,899	376,941	8,637	13,582
Net Assets						
Unrestricted	336,481	358,797	348,908	80,308	304,504	151,200
Temporarily restricted	-	-	-	-	-	-
Total net assets	336,481	358,797	348,908	80,308	304,504	151,200
Totals	\$ 346,331	\$ 368,639	\$ 371,637	\$ 458,159	\$ 313,141	\$ 165,294

Services

Receipts	Repeated Apartments	Central Office	Day-Care Services	Eliminations	Grand Total
\$ -	\$ 67,209	\$ 445,284	\$ 236,709	\$ -	\$ 750,702
100,515	126,458	94,690	631,260	-	2,086,899
338,283	115,269	-	33,890	-	649,817
6,887	3,271	3,123	15,978	-	45,263
-	-	162,147	-	-	162,147
625,003	-	68,633	33,694	(3,181,692)	-
6,198	-	-	4,246	-	18,877
-	7,244	193	21,639	-	29,536
<u>35,696</u>	<u>1,266</u>	<u>457,310</u>	<u>621,626</u>	<u>-</u>	<u>1,942,946</u>
<u>\$ 1,573,874</u>	<u>\$ 328,965</u>	<u>\$ 1,181,472</u>	<u>\$ 1,388,087</u>	<u>\$ (1,301,692)</u>	<u>\$ 3,278,588</u>
\$ 99,631	\$ 14,850	\$ 38,208	\$ 48,098	\$ -	\$ 200,787
-	-	380,808	-	-	380,808
-	63,781	651,838	19,241	(1,301,692)	-
<u>99,631</u>	<u>88,631</u>	<u>1,039,216</u>	<u>67,339</u>	<u>(1,301,692)</u>	<u>310,794</u>
1,194,843	248,128	-	1,213,448	-	4,266,167
-	-	162,147	-	-	162,147
<u>1,194,843</u>	<u>248,128</u>	<u>162,147</u>	<u>1,213,448</u>	<u>-</u>	<u>4,732,314</u>
<u>\$ 1,573,874</u>	<u>\$ 328,965</u>	<u>\$ 1,181,472</u>	<u>\$ 1,388,087</u>	<u>\$ (1,301,692)</u>	<u>\$ 3,278,588</u>

SCHEDULE OF PROGRAM ACTIVITIES

Labrador ABC

For the year ended June 30, 1998

	Receipts (in \$)					
	Charity	Company	Business	Donors	Grants	Fees
	(\$K)	(\$K)	(\$K)	\$	\$	\$
Changes in Operating (Net) assets:						
Support and Services:						
Support						
Environmental Grants						
Office for Citizens with Developmental Disabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Services						
Bookkeeping/audit	192,000	192,000	90,000	204,000	200,000	101,000
Energy	-	-	-	-	-	-
Habitat	-	-	-	-	-	-
Information systems	-	-	-	-	-	-
Transportation	-	-	-	-	-	-
Medical consulting, fee of \$471,000	-	-	-	-	-	-
(\$471,000 in 1997) of direct costs	-	-	-	-	-	-
Contributions	-	-	-	-	-	-
Other income	21,000	20,000	21,000	20,000	10,000	11,000
Total support services	213,000	212,000	111,000	224,000	210,000	112,000
Expenses:						
Interest income	11,000	0,000	14,000	1,000	11,000	0,000
Reimbursements	-	-	-	-	-	-
Total support services	122,000	0,000	125,000	1,000	121,000	0,000
Activities:	-	-	-	-	-	-
Partnership Related (Net) Receipts:						
Expenses of these activities	-	-	-	-	-	-
Total restricted support, services and net assets (related transactions)	91,000	212,000	186,000	223,000	89,000	112,000
Expenses:						
Program services						
Medical and nursing	1,000	0,000	0,000	0,000	0,000	0,000
Transportation and training	143,000	155,000	100,000	200,000	140,000	140,000
Educational	200	0,000	0,000	0,000	200	0,000
Consultants	11,000	0,000	10,000	11,000	0,000	10,000
Total program services	155,000	155,000	110,000	211,000	140,000	150,000
Support services						
Administration and general	17,000	07,000	10,000	00,000	07,000	10,000
Photocopying and maintenance	0,000	0,000	0,000	0,000	0,000	0,000
Costs related to capital assets	17,000	02,000	20,000	00,000	00,000	0,000
Library expenses	10,000	10,000	10,000	10,000	10,000	10,000
Lunches and other	100	100	1,000	100	100	100
Traveling	0,000	0,000	0,000	0,000	0,000	0,000
Personal related costs	0,000	0,000	0,000	0,000	0,000	0,000
Total support services	34,000	19,000	41,000	10,000	17,000	20,000
Total expenses	189,000	174,000	151,000	221,000	157,000	170,000
Revenue (shown) in Environmental file sheets	0,000	0,000	0,000	0,000	0,000	0,000
Changes in Temporarily Restricted Net Assets:						
Expenses of these activities	-	-	-	-	-	-
Net Assets (Net) Assets:						
Beginning of year	0,000	0,000	0,000	0,000	0,000	0,000
End of year	91,000	212,000	186,000	223,000	89,000	112,000

Receipts	Transfer to Residential Apartment	United Other	Buy-Sell Interest	Elimination	Grand Total
\$ -	\$ 11,000	\$ -	\$ 201,999	\$ -	\$ 212,999
1,603,797	486,000	-	849,222	(200,000)	2,738,019
-	-	-	80,000	-	80,000
-	-	-	33,700	-	33,700
-	-	-	600,714	-	600,714
-	288	-	(200)	-	88
-	37,700	-	-	-	37,700
1,603,797	524,088	-	1,482,716	(200,000)	3,406,601
50,897	7,583	10,000	20,000	-	87,480
-	-	-	30,200	-	30,200
10,807	7,583	10,000	14,000	-	42,390
-	-	200,000	-	(200,000)	-
-	-	11,000	-	-	11,000
1,664,401	549,254	111,000	1,547,000	(200,000)	3,431,655
1,000	1,000	-	-	-	2,000
1,215,000	488,000	-	800,000	(200,000)	2,303,000
4,000	-	-	1,000	-	5,000
1,219,000	489,000	-	801,000	(200,000)	2,310,000
140,000	43,000	800,000	70,000	(200,000)	1,153,000
800	800	10,000	20,700	(5,000)	18,800
30,000	700	20,000	60,000	-	110,700
400	700	-	-	-	1,100
-	-	-	-	-	3,000
-	-	-	10,000	-	10,000
140,800	43,700	810,000	70,700	(205,000)	1,119,200
1,400,000	530,700	820,000	1,000,000	(241,000)	3,519,700
200,000	70,000	-	80,000	-	350,000
-	-	200,000	-	-	200,000
20,000	20,000	(2,000)	60,000	-	108,000
1,600,000	600,700	1,020,000	1,060,000	-	3,280,700
\$ 1,600,000	\$ 600,700	\$ 1,020,000	\$ 1,060,000	\$ -	\$ 3,280,700

SCHEDULE OF PROGRAM SERVICES EXPENSES

Lafayette ARC

For the year ended June 30, 1998

	Residential					Total
	Chickley	Country Club	Empire Reg	Green	Narrow Street	
Medical and Nursing						
Medical services	\$ 1,500	\$ 2,750	\$ 1,427	\$ 3,902	\$ 4,037	\$ 1,117
Supplies	1,000	503	2,761	103	50	70
Pharmaceuticals	1,700	1,668	1,622	762	1,220	664
Other	584	130	191	173	74	110
Total medical and nursing	5,184	4,951	6,001	4,938	5,281	4,736
Therapeutic and Training						
Salaries and benefits	144,503	97,503	144,724	190,740	97,585	195,159
Travel expenses	10,680	7,367	21,450	22,424	1,000	13,953
Supplies	200	100	400	100	0	40
Contract labor	-	-	-	-	-	-
Indultation	70,512	70,512	70,512	70,512	70,512	70,512
Total therapeutic and training	185,794	185,186	186,686	223,681	129,000	216,568
Recreational						
Supplies	328	3,080	302	282	589	2,881
Consultants						
Registered nurse	4,375	4,375	4,375	4,375	4,375	4,375
Pharmacist	620	300	320	400	140	200
Psychologist	4,210	3,950	3,220	3,800	2,150	6,870
Physical therapist	1,000	120	320	150	160	80
Social worker	500	3,050	3,040	3,040	940	1,000
Speech therapist	40	440	400	400	320	500
Keywords librarian	200	600	600	640	600	600
Other	-	-	-	-	-	-
Total consultants	11,350	8,650	10,426	12,875	8,940	11,000
Total program expenses	\$ 201,652	\$ 198,118	\$ 203,111	\$ 222,048	\$ 148,652	\$ 296,833

Receipts	Revenues		Capital Gains	Day Care Services	Eliminations	Grand Total
	Supervised Apartment	Control Office				
\$ -	\$ 3,043					\$ 3,043
1,829	-					6,861
-	-					7,884
-	-					1,170
<u>1,829</u>	<u>3,043</u>					<u>35,206</u>
1,281,680	588,145		\$ 756,815	\$ -		3,167,270
89,148	26,573		48,811	-		254,817
-	48,080		387	-		49,792
10,488	-		-	-		10,488
-	74,778		2,857	(257,603)		3,185
<u>1,501,296</u>	<u>488,118</u>		<u>805,675</u>	<u>(257,603)</u>		<u>3,884,862</u>
						<u>6,174</u>
4,116			4,281			34,608
77			-			2,180
120			-			24,288
-			-			3,080
-			-			6,004
-			-			2,448
-			-			3,038
-			387			387
<u>4,511</u>			<u>4,667</u>			<u>78,876</u>
<u>\$ 3,322,087</u>	<u>\$ 498,451</u>	<u>\$ -</u>	<u>\$ 810,321</u>	<u>\$ (257,603)</u>		<u>\$ 3,581,698</u>

SCHEDULE B OF SUPPORT SERVICES EXPENSES

Laborers' ABC

For the year ended June 30, 1998

	Residential					
	Cherokee	Covington Club	DeKalb Way	Reverie	Morrow Street	Terry
Administrative and General						
General office	\$ 16,700	\$ 11,700	\$ 18,600	\$ 16,207	\$ 13,627	\$ 16,214
Vehicles	3,000	2,000	4,500	3,000	2,000	3,000
Salaries and benefits	-	-	-	-	-	-
Insurance	8,217	6,240	8,212	11,700	5,897	8,999
Office supplies	800	519	789	294	494	296
Taxes and license	983	471	938	1,884	1,052	1,866
Interest	-	-	-	-	-	-
Telephone	1,730	1,310	1,515	1,580	854	844
Hours and utility options	-	-	-	-	-	-
Training-in-service	214	214	212	208	204	200
Litigation	632	620	618	615	615	615
Postage	-	3	35	6	6	0
Professional fees	3,000	3,000	3,000	3,000	3,000	3,000
Bad debt	20,000	20,000	20,000	20,000	20,000	20,000
Other	277	338	228	371	180	352
Total administrative and general	<u>57,826</u>	<u>47,938</u>	<u>69,821</u>	<u>66,601</u>	<u>47,589</u>	<u>58,540</u>
Plant Operations and Maintenance						
Contracts - outside services	-	-	-	-	-	-
Maintenance - building and grounds	1,511	209	998	501	190	1,605
Maintenance - furniture and fixtures	2,801	1,684	1,776	2,147	1,444	1,837
Utilities	4,808	3,904	4,981	3,779	4,884	5,100
Total plant operations and maintenance	<u>9,120</u>	<u>5,807</u>	<u>7,755</u>	<u>6,427</u>	<u>6,718</u>	<u>8,542</u>
Costs Related to Capital Assets						
Depreciation and amortization	7,535	5,854	7,980	16,870	3,280	3,860
Lease expense	15,800	8,800	17,200	-	16,200	6,500
Total costs related to capital assets	<u>23,335</u>	<u>14,654</u>	<u>25,180</u>	<u>16,870</u>	<u>19,480</u>	<u>10,360</u>
Dietary Expenses						
Food	12,820	9,766	14,344	14,610	11,768	12,891
Supplies	144	164	155	69	333	218
Contracts - dietitian	3,300	3,000	3,000	3,000	2,970	2,911
Total dietary expenses	<u>16,264</u>	<u>12,930</u>	<u>17,500</u>	<u>17,679</u>	<u>15,071</u>	<u>15,820</u>
Laundry and Linen						
Supplies	126	911	1,080	811	80	384
Laundry and bedding	181	27	307	36	405	-
Total laundry and linen	<u>307</u>	<u>938</u>	<u>1,387</u>	<u>847</u>	<u>1,205</u>	<u>384</u>
Housekeeping						
Supplies	4,841	4,311	4,494	4,494	5,076	4,704
Personal Client Needs						
Clubbing	826	2,889	1,889	3,886	1,517	2,879
Office	2,764	2,480	2,540	931	1,550	1,796
Total personal client needs	<u>3,590</u>	<u>4,479</u>	<u>4,429</u>	<u>4,817</u>	<u>3,067</u>	<u>4,675</u>
Total supporting program expenses	<u>\$ 117,556</u>	<u>\$ 86,849</u>	<u>\$ 114,724</u>	<u>\$ 109,800</u>	<u>\$ 89,541</u>	<u>\$ 100,796</u>

Receipts	Expenses			Reservations	Grand Total
	Supervised Apartments	Control Office	Day Care Services		
\$ 93,387	\$ 30,581	\$ -	\$ 71,844	\$ -	\$ 297,628
8,719	-	-	23,288	-	88,160
21,868	13,871	210,877	48,364	(111,877)	-
88,726	1,262	27,913	6,021	(27,913)	28,806
3,711	14,781	28,117	4,887	(8,117)	29,523
-	-	34,186	-	(34,186)	-
4,343	-	3,116	3,995	(3,116)	13,769
2,814	-	3,948	-	(3,948)	-
888	-	384	-	(384)	3,791
2,034	-	-	411	-	4,430
2,034	-	1,393	411	(1,393)	3,039
17,588	1,008	2,838	4,888	(2,838)	24,888
-	-	-	-	-	(26,488)
1,897	489	3,281	3,138	(3,281)	35,384
<u>148,287</u>	<u>41,612</u>	<u>249,246</u>	<u>175,232</u>	<u>(289,246)</u>	<u>714,858</u>
387	-	288	-	-	977
288	-	2,362	5,365	-	18,275
-	564	3,078	-	-	15,883
<u>(85)</u>	<u>15</u>	<u>8,813</u>	<u>28,838</u>	<u>(8,382)</u>	<u>53,923</u>
<u>388</u>	<u>619</u>	<u>14,084</u>	<u>29,731</u>	<u>(8,382)</u>	<u>82,948</u>
11,260	317	14,080	44,838	-	120,208
-	-	7,588	5,888	-	76,488
<u>11,260</u>	<u>317</u>	<u>21,668</u>	<u>50,726</u>	<u>-</u>	<u>196,696</u>
168	-	-	-	-	79,888
111	291	-	-	-	1,188
<u>435</u>	<u>291</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>81,076</u>
-	-	-	13,881	-	41,879
364	-	-	-	-	80,888
<u>363</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,888</u>
<u>1,140,888</u>	<u>1,47,555</u>	<u>1,104,738</u>	<u>1,378,514</u>	<u>1,197,688</u>	<u>1,131,155</u>

SPECIAL REPORT OF CERTIFIED PUBLIC ACCOUNTANTS



Georgiois Bennett

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

To the Board of Directors,
Lafourche ARC,
Thibodaux, Louisiana.

We have audited the financial statements of Lafourche ARC, (the Association), as of and for the year ended June 30, 1998, and have issued our report thereon dated October 19, 1998. We conducted our 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 Association's financial statements are free of material misstatement, we 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 our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Association's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our 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. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses.

This report is intended for the information of the Board of Directors, management, the Legislative Auditor for the State of Louisiana and various federal and state audit agencies. However, this report is a matter of public record and its distribution is not limited.

Bonjour Bennett, LLC.

Certified Public Accountants.

Monroe, La.,
October 19, 1998.

SCHEDULE OF FINDINGS

Lafayette ARC

For the year ended June 30, 1998

Section I Summary of Auditor's Results

a) Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

- Material weakness(es) identified? ___ yes X no
- Reportable condition(s) identified that are not
 considered to be material weaknesses? ___ yes X none reported

Noncompliance material to financial statements noted? ___ yes X no

b) Federal Awards

Lafayette ARC did not receive federal awards during the year ended June 30, 1998.

Section II Financial Statement Findings

No financial statement findings were noted for the year ended June 30, 1998.

Section III Federal Award Findings and Questioned Costs

Not applicable.

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS

Lafourche ARC

For the year ended June 30, 1998

Section I Internal Control and Compliance Material to the Statements of Financial Position

Internal Control

No material weaknesses were reported for the year ended June 30, 1997.

No reportable conditions were reported for the year ended June 30, 1997.

Compliance

No compliance findings material to the statements of financial position were noted during the year ended June 30, 1997.

Section II Internal Control and Compliance Material to Federal Awards

Lafourche ARC did not receive federal awards during the year ended June 30, 1997.

Section III Management Letter

A management letter was not issued in connection with the audit for the year ended June 30, 1997.

MANAGEMENT'S CORRECTIVE ACTION PLAN

Lafayette ARC

For the year ended June 30, 1998

Section I Internal Control and Compliance Material to the Statements of Financial Position

Internal Control

No material weaknesses were reported for the year ended June 30, 1998.

No reportable conditions were reported for the year ended June 30, 1998.

Compliance

No compliance findings material to the statements of financial position were noted during the year ended June 30, 1998.

Section II Internal Control and Compliance Material to Federal Awards

Lafayette ARC did not receive federal awards during the year ended June 30, 1998.

Section III Management Letter

A management letter was not issued in connection with the audit for the year ended June 30, 1998.