

RAVENHILL SERVICES, INC.
STATEMENT OF FINANCIAL EXPENSES
YEAR ENDED JUNE 30, 1995

	Salaries /Book	Therapist's Family Care	Ding, Pico Stamps	Gas Management	Payroll Funds, Cell.	General and Administrative	Total
Advertising and promotion	\$						\$ 3,285
Bank charges						4,715	4,715
Commuters	1,128						1,128
Contracted services			15,884	608			16,412
Office expenses	21,895						21,895
Books and newspapers		288				115	403
Books (training)	12,408	3,484		1,950	479	3,033	18,364
Bookkeeping and Laundry	3,468						3,468
Insurance	16,536	274		167	62	19,878	16,562
Licenses and permits	48	482		100	176	18	714
Medical	1,506	185			39		1,730
Other			629			3,700	4,329
Phone expenses	201,000				3,108		204,108
Pay roll total	11,114	3,637		3,487	300	3,447	15,981
Pension and retirement	1,368	424				900	2,792
Personal vehicle costs	10,620						10,620
Post-expenses and miscellaneous:							
Depreciation	28,954		27	174		11,341	40,496
Miscellaneous, fuel, tolls and grants						3,142	3,142
Outside services	1,126					88	1,214
Repairs, tools, tips and grants	2,675					2,905	5,580
Repairs, furniture and equipment	3,428						3,428
Supplies	82					880	962
Travelers	16,825					4,024	21,798
Postage						2,216	2,216
Printing and office supplies				267		3,885	4,152
Professional services						11,476	11,476
Property Tax							698
Recruitment expenses	2,719						2,719
Salaries	186,782	48,126		65,315	6,027	41,124	286,954
Supplies						3,712	3,712
Telephone	4,897	3,279		698	2,189		10,963
Therapeutic and training supplies							3,005
Transportation	5,481		165	6,341	189	1,678	13,695
Travel and mileage							1,678
	\$ 217,441	\$ 209,119	\$ 18,282	\$ 28,611	\$ 11,271	\$ 81,029	\$ 695,348

See notes to financial statements

BALDWIN PERSONNEL, INC.
STATEMENT OF FINANCIAL EXPENSES
YEAR ENDED JUNE 30, 1992

	Payroll Hours	Therapeutic Family Care Cost	Drug/Dos Schools	Case Management	Regular Quality Care	Discount and Administrative	Total
	\$	\$	\$	\$	\$	\$	\$
Advertising and promotion							
Bank charges	3,375	-	-	1,200	-	-	4,575
Commuting	-	-	-	-	-	-	-
Contractor services	16,800	1,500	17,750	1,200	-	-	37,250
Direct expenses	-	-	-	-	-	-	-
Food and beverages	500	-	-	-	-	500	1,000
Health insurance	12,000	2,000	-	3,000	-	4,700	21,700
Travel	2,205	-	-	-	-	-	2,205
Traveling and Lodging	17,200	1,000	-	3,000	-	4,000	25,200
Insurance	70	800	-	200	-	1	1,070
License and permits	1,200	-	-	-	-	-	1,200
Medical	-	-	-	-	-	-	-
Other	-	150	500	15	-	1,000	1,705
Phone expenses	-	20,000	-	-	-	-	20,000
Signal costs	9,210	2,120	-	4,000	-	6,500	16,830
Printing and reproces	810	200	-	500	-	700	1,510
Revised client books	9,000	-	-	-	-	-	9,000
Plan operations and maintenance:							
Expatriation	29,200	-	20	100	-	80,000	109,300
Maintenance, buildings and grounds	9	-	-	-	-	2,500	2,509
Outside services	1,440	-	-	-	-	3,100	4,540
Repairs, buildings and grounds	4,200	-	-	-	-	3,500	7,700
Repairs, furniture and equipment	200	-	-	-	-	700	900
Supplies	80	-	-	-	-	400	480
Utilities	36,000	-	-	-	-	6,000	42,000
Fringe	-	-	-	-	-	6,000	6,000
Printing and office supplies	40	-	-	-	-	1,400	1,440
Professional services	-	-	-	140	-	3,000	3,140
Property tax	-	-	-	-	-	5,000	5,000
Accounting expenses	40	200	-	-	-	5,000	5,240
Salaries	120,000	27,000	-	60,000	-	90,000	297,000
Telephone	-	-	-	500	-	100	600
Therapeutic and training supplies	9,950	1,500	-	-	-	100	11,450
Transportation	610	100	-	-	-	100	810
Travel and per diem	-	2,700	-	3,200	-	500	6,600
	\$ 250,000	\$ 247,000	\$ 18,010	\$ 63,200	\$ -	\$ 800,000	\$ 758,210

See notes to financial statements

BAINTREE SERVICES, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 1998 AND 1997

	<u>1998</u>	1997 <u>(Revised)</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase in Net Assets	5(10,960)	\$ 1,889
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	41,376	42,786
(Gains) losses on sales and maturities of investments	(4,792)	(2,290)
(Gains) losses on sales of property and equipment	4,022	-
(Increase) decrease in operating assets		
Services from receivable	(36,093)	(24,649)
Accrued interest receivable	884	885
Prepaid and other	941	15,903
Increase (Decrease) in operating liabilities		
Accounts payable	5,821	1,309
Retiree's savings	(12)	(486)
Payroll taxes payable	312	59
NET CASH PROVIDED BY OPERATING ACTIVITIES	12,072	35,186
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(132,809)	(26,369)
Proceeds from sales and maturities of investments	69,132	43,389
Purchases of property and equipment	(7,789)	(18,711)
Proceeds from sales of property and equipment	58,549	-
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(12,927)	(1,711)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,210	31,410
BEGINNING CASH AND CASH EQUIVALENTS	142,413	130,388
ENDING CASH AND CASH EQUIVALENTS	\$143,623	\$161,798

See notes to financial statements.

RAINTRIE SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 1996 AND 1995

A. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of activities

Raintrie Services, Inc. (the "Agency") a non-profit organization incorporated under the laws of the State of Louisiana, provides services and support to children through young adults in the community. The Agency provides these services through five programs: The Raintrie House Program, The Therapeutic Family Care Program (formerly Raintrie Family Care Program), the Case Management Program, the Drug-Free Schools Program, and the Regular Family Care Program. The majority of funding for the Raintrie House Program, the Therapeutic Family Care Program, the Case Management Program, and the Regular Family Care Program is through contracted rates with various agencies in the State of Louisiana for services provided. For the years ended June 30, 1996 and 1995, the Agency received a sub-grant funded by the Federal Government from the Governor's Council on Drug-Free Schools and Communities.

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 these estimates.

Cash and cash equivalents

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

Investments

Investments are stated at cost, adjusted for amortization of premiums and discounts. Donated investments are recorded at fair value at the date of receipt.

Property and equipment

Property and equipment acquired prior to 1979, which primarily consists of the land and building, are recorded at their appraised fair market value at June 30, 1979 because historical costs were not available. Other items of property and equipment are recorded at fair market value at date of donation, if donated, and at cost, if purchased. Depreciation is computed using the straight-line method over the estimated useful life of each asset.

BAINTREE SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 1996 AND 1995

(Continued)

A. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Revenue recognition

Contributions are recognized when the donor makes a promise to give to the Agency that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets and reclassified to unrestricted net assets.

Donated materials and equipment are recorded as contributions at their estimated values at date of receipt. Donated services have not been reflected in the financial statements since no objective basis is available to measure the value of such services. Nevertheless, a substantial number of volunteers donate significant amounts of their time in the Agency's program and supporting services.

Restatement

In 1996, *Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements for Not-For-Profit Organizations"*, became effective. Under SFAS No. 117, the Agency 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. In addition, the Agency is required to present a statement of cash flows. As provided by this new statement, the Agency has discontinued its use of fund accounting and has, accordingly, reclassified its financial statements to present the three classes of net assets required. The 1995 financial statements have been restated to reflect the adoption of SFAS No. 117 for the year ended June 30, 1995. This reclassification had no effect on the change in net assets for 1996 or 1995.

Income taxes

The Agency has received a letter of determination from the Internal Revenue Service advising that it qualifies as a non-profit corporation under Section 501(c)(3) of the Internal Revenue Code, and therefore, is not subject to income tax.

Fair value of financial instruments

The following methods and assumptions were used by the Agency in estimating its fair value disclosures for financial instruments:

Cash, cash equivalents, accounts receivable, accounts payable, and resident's savings

The carrying amounts reported in the statements of financial position approximate these assets' and liabilities' fair values because of the short maturities of these instruments.

(Continued)

RAINTREE SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 1998 AND 1997

(Continued)

A. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Fair value of financial instruments - continued

Investments

The fair values of long-term investments are based on quoted market prices for those or similar investments.

Reclassification

Certain amounts in the 1997 financial statements have been reclassified to conform with the presentation adopted for 1998.

B. TEMPORARY CASH INVESTMENTS

Included in cash and cash equivalents are temporary cash investments summarized as follows:

	<u>1998</u>	<u>1997</u>
The Reserve Fund, Inc.; Primary Fund	\$ 31,648	\$ 94,958
The Reserve Fund, Inc.; Primary Fund Endowment Account	25,528	14,000
The Reserve Fund, Inc.; Primary Fund Restoration Fund	<u>3,343</u>	<u>3,189</u>
	\$100,519	\$112,147

Amounts in the endowment account are designated by the Board of Directors for capital investments. The Board retains control over and may at its discretion subsequently use these funds for other purposes. Amounts in the restoration fund are donor restricted for the restoration of Raintree House.

C. SERVICE FEES RECEIVABLE

Service fees receivable consists primarily of amounts due from various governmental agencies. All accounts are considered fully collectible by management. Accordingly, no provision for doubtful accounts is considered necessary.

(Continued)

BAINTER SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 1996 AND 1995

(Continued)

D. INVESTMENTS

At June 30, 1996 and 1995, marketable securities consisted of the following:

	1996			1995		
	Cost	Market	Unrealized Gain(Loss)	Cost	Market	Unrealized Gain(Loss)
Stocks -						
Unregistered	\$206,977	\$420,657	\$193,680	\$238,977	\$347,912	\$108,935
Registered	500,559	317,799	(182,760)	362,176	378,679	16,503
Bonds -						
Unregistered	131,158	368,278	237,120	252,881	233,127	(19,754)
	\$828,692	\$1,116,802	\$248,040	\$854,034	\$960,147	\$105,734

Investment returns included in the statements of activity is summarized as follows:

	1996	1995
UNRESTRICTED:		
Interest	\$ 25,115	\$ 21,767
Dividends	24,133	21,463
Royalties	158	161
Gains on sales and maturities	4,593	2,187
	54,000	45,578
RESTRICTED:		
Interest	152	156
TOTAL INVESTMENT RETURN	\$ 54,152	\$ 45,734

Included in the above amounts at June 30, 1996 and 1995 are stocks for which the Agency has no cost records. Costs for these stocks has been estimated at \$24,089 as of June 30, 1996 and 1995.

Gains totaling \$4,593 were realized on the sales and maturities of investments during 1996 on net proceeds of \$89,152 and a net book value of \$84,560. Gains totaling \$2,187 were realized on the sales and maturities of investments during 1995 on net proceeds of \$41,453 and a net book value of \$39,267.

(Continued)

RAINTRICE SERVICES, INC.**NOTES TO FINANCIAL STATEMENTS****YEARS ENDED JUNE 30, 1996 AND 1995***(Continued)***E. PROPERTY AND EQUIPMENT**

A summary of property and equipment is as follows:

	Estimated Useful Life	1996	1995
Land	N/A	\$ 80,080	\$ 99,080
Buildings and improvements	20 years	684,540	604,540
Furniture and equipment	3 to 7 years	154,683	144,987
Rental property, land and building	20 years	-----	88,181
		840,223	937,728
Less accumulated depreciation		680,815	633,084
		\$209,418	\$304,644

F. RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets are available for the following specific purposes:

	1996	1995
Building Restoration	\$ 3,191	\$ 3,188

G. PENSION PLAN

Substantially all of the employees of Raintrice Services, Inc. are covered by a money purchase annuity pension plan. The Agency's policy has been to fund the annuity monthly. Pension plan contributions for the years ended June 30, 1996 and 1995 were \$2,782 and \$2,680, respectively.

H. CREDIT RISK

The Agency has invested \$180,517 at June 30, 1996 and \$132,188 at June 30, 1995 in a money market fund. Under the provisions of Financial Accounting Standards Statement No. 305, the Agency is exposed to a concentration of credit risk in these same accounts which are not insured by the money fund.

(Continued)

BALTIMORE SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 1996 AND 1995

(Continued)

4. ECONOMIC DEPENDENCY

The Agency receives approximately 70% of its revenues through the State of Louisiana, Department of Social Services (DCS) in the form of a per client rate set by this office. Should the contracted services be discontinued or the per client contract rate be substantially reduced, the Agency would be required to look to other sources of funding in order to maintain its present level of service.



Bain, Frelbaum, Sagers & Co., L.L.P.
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*A Professional Accounting Corporation

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Accounting Group International
(Affiliate to Principal Cities Member)

**INDEPENDENT AUDITOR'S REPORT ON ADDITIONAL INFORMATION
AND SCHEDULES OF FINANCIAL STATEMENTS**

To The Board of Directors
Palmetto Services, Inc.
New Orleans, Louisiana

We have audited the financial statements of Palmetto Services, Inc. (a nonprofit organization) for the years ended June 30, 1994 and 1995, and have issued our report thereon dated August 16, 1996. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these 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. These 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.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Schedules of General and Administrative Expenses, Schedules of Program Expenses - Habitat Home Program, Schedules of Program Expenses - Therapeutic Family Care Program, Schedules of Program Expenses - Negate Family Care Program, Schedules of Program Revenues and Expenses - Drug-Free Schools Program, Schedules of Program Expenses - Case Management Program, Schedules of Rental Income (Expense), and the Schedules of Federal Awards for the years ended June 30, 1994 and 1995 are presented for purposes of additional analysis and are 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 presented in all material respects in relation to the basic financial statements taken as a whole.

Bain, Frelbaum, Sagers & Co.

Certified Public Accountants
August 16, 1996

HAINTREE SERVICES, INC.

SCHEDULES OF GENERAL AND ADMINISTRATIVE EXPENSES

YEARS ENDED JUNE 30, 1994 AND 1993

	<u>1994</u>	<u>1993</u>
Saleses	\$ 93,154	\$ 99,482
Payroll taxes	7,607	6,590
Health insurance	7,658	5,785
Pensions and retirement plan	958	722
Advertising and promotion	-	373
Depreciation	11,340	89,376
Utilities	5,825	6,683
Rents and subscriptions	239	343
Insurance	13,878	89,376
Licenses	18	17
Printing and office supply	3,569	2,838
Postage	2,798	1,417
Professional services	13,070	9,593
Telephone and telegraph	3,732	3,858
Training, in-service	-	118
Travel and seminars	-	498
Merchandise	<u>17,028</u>	<u>14,009</u>
	<u>\$120,024</u>	<u>\$168,872</u>

BAINTRIDE SERVICES, INC.
SCHEDULE OF PROGRAM EXPENSES
BAINTRIDE HOUSE PROGRAM
YEARS ENDED JUNE 30, 1998 AND 1999

	<u>1998</u>	<u>1999</u>
PLANT OPERATION AND MAINTENANCE:		
Contracts for outside services	\$ 1,136	\$ 1,402
Maintenance, building and grounds	-	9
Repairs, building and grounds	2,672	4,793
Repairs and maintenance, furniture and equipment	3,638	708
Supplies	57	68
Utilities	16,825	16,484
Depreciation	28,960	29,208
	<u>35,088</u>	<u>52,311</u>
DIETARY EXPENSES:		
Food	30,502	16,680
Supplies	1,263	1,285
Contracts for outside services	-	255
	<u>21,825</u>	<u>18,080</u>
THERAPEUTIC AND TRAINING:		
Salaries - therapists	53,364	48,794
Salaries - houseparents and aide	94,398	73,671
Employee benefits	13,803	13,833
Payroll taxes	11,314	9,253
Therapeutic and training supplies	6,898	5,933
	<u>179,877</u>	<u>151,484</u>
RECREATIONAL:	<u>3,218</u>	<u>2,884</u>
CONSULTANTS:		
Psychiatrist and psychotherapy	3,530	3,195
Tutor	2,600	1,188
Registered nurse	-	28
	<u>\$ 3,130</u>	<u>\$ 3,211</u>

(Continued)

BAINTREE SERVICES, INC.

SCHEDULE OF PROGRAM EXPENSES

BAINTREE HOUSE PROGRAM

YEARS ENDED JUNE 30, 1996 AND 1995

(Continued)

	<u>1996</u>	<u>1995</u>
HOUSEKEEPING AND LAUNDRY EXPENSES	\$ 2,000	\$ 2,182
PERSONAL CLIENT NEEDS:		
Clothing	1,899	3,148
Other	4,124	3,783
	<u>16,812</u>	<u>9,814</u>
MEDICAL	<u>1,506</u>	<u>1,184</u>
TRANSPORTATION	<u>3,803</u>	<u>812</u>
ADVERTISING	<u>828</u>	<u>858</u>
INSURANCE:		
Comprehensive	5,258	4,768
Workman's compensation	5,718	3,183
Motor vehicle	5,507	3,252
	<u>16,483</u>	<u>11,203</u>
TAXES AND LICENSES		
Property tax	688	60
Licenses and permits	<u>44</u>	<u>781</u>
	<u>732</u>	<u>841</u>
TOTAL BAIN TREE HOUSE PROGRAM EXPENSES	\$27,445	\$28,098

BAISTREE SERVICES, INC.
SCHEDULES OF PROGRAM EXPENSES
THERAPEUTIC FAMILY CARE PROGRAM
YEARS ENDED JUNE 30, 1996 AND 1995

	<u>1996</u>	<u>1995</u>
Compensation		
Program director, social worker and clinical	\$ 45,126	\$ 12,769
Employee Benefits:		
Health insurance	3,484	2,879
Pension and retirement	424	384
Payroll taxes	3,627	3,124
Parent expenses	127,627	281,626
Other expenses	9,491	13,616
	<u>\$225,115</u>	<u>\$247,668</u>

BAINTREE SERVICES, INC.

SCHEDULES OF PROGRAM EXPENSES

REGULAR FAMILY CARE PROGRAM

YEARS ENDED JUNE 30, 1996 AND 1995

	<u>1996</u>	<u>1995</u>
Compensation:		
Program director, social worker and clerical	\$ 6,327	\$ -
Employee Benefits:		
Health insurance	551	-
Payroll taxes	380	-
Parent expenses	3,184	-
Other expenses	<u>2,024</u>	<u>-</u>
	\$23,222	\$ -

RAINTREE SERVICES, INC.

SCHEDULE OF PROGRAM REVENUES AND EXPENSES

DRUG-FREE SCHOOLS PROGRAM

YEARS ENDED JUNE 30, 1995 AND 1994

	<u>1995</u>	<u>1994</u>
PROGRAM REVENUES		
Fees for services	\$ 13,804	\$ 17,718
Direct expense reimbursements	818	383
Miscellaneous over/under	<u>1,212</u>	<u>1,415</u>
Total program revenues	<u>\$ 15,834</u>	<u>\$ 19,516</u>
DIRECT COSTS		
Contracted services	\$ 15,804	\$ 17,718
Materials and supplies	-	185
Salaries and commissions	283	-
Depreciation	39	39
Food and beverage	606	144
Other expenses	<u>-----</u>	<u>-----</u> 28
Total direct program expenses	<u>\$ 16,732</u>	<u>\$ 18,114</u>

ENTERISE SERVICES, INC.

SCHEDULES OF PROGRAM EXPENSES

CASE MANAGEMENT PROGRAM

YEARS ENDED JUNE 30, 1996 AND 1995

	<u>1996</u>	<u>1995</u>
Professional salaries	\$ 45,515	\$ 61,372
Payroll taxes	3,487	4,676
Health insurance	1,915	2,816
Pension and retirement	"	911
Other expenses	<u>2,286</u>	<u>13,158</u>
	\$ 53,203	\$ 83,033

BAINTREE SERVICES, INC.

SCHEDULES OF RENTAL INCOME (EXPENSE)

YEARS ENDED JUNE 30, 1956 AND 1955

	<u>1956</u>	<u>1955</u>
Rental income	\$ 2,175	\$ 3,535
Rental Expenses:		
Utilities	377	763
Repairs and maintenance	-	125
Depreciation	770	2,881
Taxes and licenses	-	1,258
Insurance expense	329	1,094
	<u>1,476</u>	<u>6,121</u>
INCOME - NET	\$ 809	\$ 1,412

BAINTREE SERVICES, INC.**SCHEDULES OF FEDERAL AWARDS****YEARS ENDED JUNE 30, 1994 AND 1995**

	Federal CFDA Number	Program Amount	Revenue Recognized	Federal Expenditure
Year ended June 30, 1994				
U.S. Department of Education, Flow through Program Governor of Louisiana Governor's Drug-Free Program	84.146	\$20,000	\$12,095	\$12,095
Year ended June 30, 1995				
U.S. Department of Education, Flow through Program Governor of Louisiana Governor's Drug-Free Program	84.146	\$20,000	\$19,427	\$19,427

Hais, Frelsbaum, Sogora & Co., L.L.P.
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**INDEPENDENT AUDITORS' REPORT
ON INTERNAL CONTROL STRUCTURE
BASED ON AN AUDIT OF BASIC FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors
Rainbow Services, Inc.
New Orleans, Louisiana

We have audited the financial statements of Rainbow Services, Inc. as of and for the years ended June 30, 1996 and 1995, and have issued our report thereon dated August 28, 1996.

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.

The management of Rainbow Services, Inc. is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition and that transactions are recorded in accordance with management's authorization and reported 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, the possibility of any evaluation of the structure in 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 audits of the financial statements of Rainbow Services, Inc. for the years ended June 30, 1996 and 1995, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

To the Board of Directors
Mintzer Services, Inc.
Page Two

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 reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in accounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

This report is intended for the information of the Board of Directors, management, the Division of Consolidated Educational Programs, Office of Educational Support Programs and the Legislative Auditors. This notification is not intended to limit the distribution of this report, which is a matter of public record.

David, Friedman, Sayson & Co.

Certified Public Accountants
August 26, 1986

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

To the Board of Directors
Kinross Services, Inc.
New Orleans, Louisiana

We have audited the financial statements of Kinross Services, Inc., as of and for the years ended June 30, 1996 and 1995, and have issued our report thereon dated August 26, 1996.

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.

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

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

This report is intended for the information of the Board of Directors, management, the Bureau of Consolidated Educational Programs, Office of Educational Support Programs and the Legislative Auditor. This narration is not intended to limit the distribution of this report, which is a matter of public record.

David Switman, Signature

Chartered Public Accountants
August 26, 1996

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FILE COPYDO NOT SEND OUT(This report
needs to be read
and placed
back in file)RAINFREE SERVICES, INC.REPORT ON AUDIT OF
FINANCIAL STATEMENTSYEARS ENDING JUNE 30, 1986 AND 1985

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 Bureau (House office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date MAR 01 1987

BAINTREE SERVICES, INC.

JUNE 30, 1996 AND 1995

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Bain, Friebohm, Sargent & Co., L.L.P.
Certified Public Accountants and Consultants

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A Professional Accounting Corporation

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors:
Paintco Services, Inc.
New Orleans, Louisiana

We have audited the accompanying statements of financial position of Paintco Services, Inc. (a non-profit organization) as of June 30, 1996 and 1995, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Organization'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. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. 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.

As discussed in Note D to the financial statements, we had been unable to satisfy ourselves concerning the bases as which certain investments were recorded in the financial statements.

In our opinion, except for the effects of such adjustments, if any, as might have been required had we been able to determine the basis of certain investments, the financial statements referred to in the first paragraph present fairly the financial position of Paintco Services, Inc. at June 30, 1996 and 1995, and the results of its operations and changes in its cash flows for the years then ended, in conformity with generally accepted accounting principles.

Bain, Friebohm, Sargent & Co.

Certified Public Accountants
August 28, 1996

HAINTREE SERVICES, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 1996 AND 1995

	1996	1995
ASSETS		(\$000000)
CURRENT ASSETS:		
Cash and cash equivalents	\$ 142,696	\$ 142,419
Service fees receivable	149,577	152,482
Accounts interest receivable	2,132	3,838
Prepaid and other	2,569	4,889
TOTAL CURRENT ASSETS	296,974	293,608
INVESTMENTS	829,170	752,084
PROPERTY AND EQUIPMENT	288,419	288,643
	\$1,322,564	\$1,332,096
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Due to DCS	\$ 29,933	\$ 29,933
Accounts payable	29,466	34,648
Residents' savings	122	154
Payroll taxes withheld and payable	1,513	1,802
TOTAL CURRENT LIABILITIES	61,034	67,337
NET ASSETS:		
Unrestricted	1,288,839	1,291,512
Temporarily Restricted	2,541	3,089
Permanently Restricted	—	—
TOTAL NET ASSETS	1,291,380	1,294,601
TOTAL LIABILITIES AND NET ASSETS	\$1,322,564	\$1,332,096

See notes to financial statements.

RAINTREE SERVICES, INC.**STATEMENTS OF ACTIVITIES****YEARS ENDED JUNE 30, 1995 AND 1994**

	1995	1994
	1995	(Restated)
UNRESTRICTED NET ASSETS:		
Revenue and Support:		
Raintree House program	\$ 283,717	\$ 283,716
Therapeutic family care program	347,262	349,413
Drug-free schools program	17,898	19,323
Care management program	71,398	61,438
Regular family care program	14,182	-
Contributions	44,923	40,279
Investment returns	51,978	43,598
Rent, net	869	1,442
Loss on sale of rental property	(4,720)	-
Other	530	4,024
TOTAL UNRESTRICTED REVENUE AND SUPPORT	862,556	776,634
EXPENSES:		
Raintree House program	297,443	290,096
Therapeutic family care program	292,118	247,648
Drug-free schools program	16,742	16,113
Care management program	88,411	81,393
Regular family care program	13,277	-
General and administrative	195,825	189,837
TOTAL EXPENSES	879,766	775,846
INCREASE IN UNRESTRICTED NET ASSETS	118,716	1,788
TEMPORARILY RESTRICTED NET ASSETS:		
Support for building renovation	-	25
Investment returns - building renovation	132	156
INCREASE (DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS	132	181
INCREASE (DECREASE) IN NET ASSETS	119,048	1,969
NET ASSETS AT BEGINNING OF YEAR, AS RESTATED	1,284,741	1,282,772
NET ASSETS AT END OF YEAR	\$1,284,180	\$1,284,741

See notes to financial statements.