

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

To the Board of Directors  
START Corporation and Subsidiary  
Houma, Louisiana

We have audited the consolidated financial statements of START Corporation and Subsidiary (non-profit organizations) as of and for the year ended June 30, 1996, and have issued our report thereon dated September 17, 1996.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. These 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 START Corporation and Subsidiary is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projections of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operations of policies and procedures may deteriorate.

In planning and performing our audit of the consolidated financial statements of START Corporation and Subsidiary for the year ended June 30, 1996, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the consolidated financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

START CORPORATION AND SUBSIDIARY

Consolidated Statement of Support, Revenue and Expenses and Changes in Fund Balance

Year Ended June 30, 1988

	Current Operating Fund	Land, Building and Equipment Fund	Total All Funds
<b>Public support revenues:</b>			
Fees, grants and contracts from governmental agencies	\$ 481,826	\$ -	\$ 481,826
Contributions	2,458	-	2,458
Total public support	<u>484,284</u>	<u>-</u>	<u>484,284</u>
<b>Other revenues:</b>			
Program service fees	19,976	-	19,976
Fees and sales to public	82,393	-	82,393
Other	4,292	-	4,292
Total other revenues	<u>106,661</u>	<u>-</u>	<u>106,661</u>
Total public support and other revenues	<u>590,945</u>	<u>-</u>	<u>590,945</u>
<b>Expenses:</b>			
<b>Program services:</b>			
New Horizons	187,608	9,888	197,496
Housing Assistance	57,593	-	57,593
Vocational Services	59,398	1,001	60,399
Yes We Can	81,876	1,205	83,114
Board and Care	130,227	5,383	135,610
The Line	18,111	158	18,269
Total program services	<u>494,133</u>	<u>15,385</u>	<u>509,518</u>
<b>Supporting services:</b>			
Management and general	34,997	994	35,991
Total supporting services	<u>34,997</u>	<u>994</u>	<u>35,991</u>
Total expenses	<u>529,130</u>	<u>16,379</u>	<u>545,509</u>
Excess (deficiency) of support and revenue over expenses	\$ 61,815	\$(6,434)	\$ 55,381
<b>Other changes in fund balance:</b>			
Net transfers for building and land acquisitions	-	-	-
and principal debt service payments	(7,599)	7,599	-
Net increase (decrease) for the year	<u>54,216</u>	<u>(8,835)</u>	<u>45,381</u>
Fund balances at beginning of the year	5,485	59,925	65,410
Fund balances at end of year	<u>\$ 59,770</u>	<u>\$ 51,090</u>	<u>\$ 110,860</u>

CITY OF BOSTON  
 Financial Statement of Financial Performance and Balance  
 For the Year Ended 06/30/2010

Account	Operating Revenues						Non-Operating Revenues			Total
	Real Estate	Inventory	Transfer	Other	Int'l	Govt	Grants	Interest	Other	
<b>Revenues</b>										
Real Estate	17,120	14,127	88,888	3,883	117,224	22,771	41,428	-	-	447,823
Inventory	17,127	-	-	-	117,224	22,771	41,428	-	-	447,823
Transfer	-	3,475	-	-	3,475	-	-	-	-	3,475
Other	24,248	-	-	16,420	-	-	16,420	-	-	57,088
Int'l	-	-	-	34	-	-	-	-	-	34
Govt	2,520	2,117	-	3,817	17,020	-	10,473	4,728	-	43,665
Grants	10,227	17,382	88,888	3,817	117,224	22,771	41,428	-	-	447,823
<b>Total Revenues</b>	49,222	33,626	88,888	17,161	247,741	45,542	93,349	4,728	-	817,677
<b>Expenses</b>										
Personnel	48,400	5,070	48,070	14,244	115,724	13,218	52,478	6,876	-	289,206
Materials	4,400	100	1,000	4,300	10,700	1,240	6,600	1,170	-	27,410
Services	1,000	-	400	200	2,600	-	500	-	-	4,700
<b>Total Salary and Other Benefits</b>	53,800	5,170	49,470	18,744	129,024	14,458	60,578	8,046	-	321,372
<b>Minority</b>	-	-	-	-	-	-	-	-	-	-
Real Estate	104	10,024	-	-	-	-	10,024	-	-	10,128
Other Revenues	85	84	-	-	40	-	1,400	-	-	1,509
Contract Services	80	-	80	-	-	-	-	-	-	160
Other Int'l Revenues	8,000	80	4,711	5,000	17,900	1,117	20,200	300	400	35,618
Materials	400	-	100	1,000	1,300	-	1,000	1,071	-	3,771
Services	100	-	100	1,000	1,100	-	1,000	70	-	3,070
Travel	100	-	100	1,000	1,100	-	1,000	70	-	3,070
Telephone	100	-	100	1,000	1,100	-	1,000	70	-	3,070
Printing and Reproduction	100	-	100	1,000	1,100	-	1,000	70	-	3,070
Information Technology	100	-	100	1,000	1,100	-	1,000	70	-	3,070
Energy	100	-	100	1,000	1,100	-	1,000	70	-	3,070
Professional Fee	2,000	200	1,000	1,000	5,000	-	1,000	1,000	-	10,200
Rent	1,000	100	1,000	1,000	4,000	-	1,000	1,000	-	8,000
Supplies and Supplies	1,000	100	1,000	1,000	4,000	-	1,000	1,000	-	8,000
Travel	1,000	100	1,000	1,000	4,000	-	1,000	1,000	-	8,000
Telephone	1,000	100	1,000	1,000	4,000	-	1,000	1,000	-	8,000
Printing and Reproduction	1,000	100	1,000	1,000	4,000	-	1,000	1,000	-	8,000
Information Technology	1,000	100	1,000	1,000	4,000	-	1,000	1,000	-	8,000
Energy	1,000	100	1,000	1,000	4,000	-	1,000	1,000	-	8,000
Professional Fee	2,000	200	1,000	1,000	5,000	-	1,000	1,000	-	10,200
Rent	1,000	100	1,000	1,000	4,000	-	1,000	1,000	-	8,000
Supplies and Supplies	1,000	100	1,000	1,000	4,000	-	1,000	1,000	-	8,000
Travel	1,000	100	1,000	1,000	4,000	-	1,000	1,000	-	8,000
Telephone	1,000	100	1,000	1,000	4,000	-	1,000	1,000	-	8,000
Printing and Reproduction	1,000	100	1,000	1,000	4,000	-	1,000	1,000	-	8,000
Information Technology	1,000	100	1,000	1,000	4,000	-	1,000	1,000	-	8,000
Energy	1,000	100	1,000	1,000	4,000	-	1,000	1,000	-	8,000
<b>Total Expenses</b>	104,000	11,000	104,000	34,000	253,000	15,000	104,000	10,000	-	568,000
<b>Depreciation on Buildings &amp; Equipment</b>	-	-	-	-	-	-	-	-	-	-
<b>Other</b>	-	-	-	-	-	-	-	-	-	-
<b>Total Expenses</b>	104,000	11,000	104,000	34,000	253,000	15,000	104,000	10,000	-	568,000
<b>Net Income</b>	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000

## START CORPORATION AND SUBSIDIARY

### Notes to Consolidated Financial Statements

#### 1) Organization

START Corporation (START), formerly Supportive Training and Rehabilitation for Terrebonne, Inc., and Subsidiary operate as a voluntary non-profit organization which provides rehabilitation services, training, placement, and employment for mentally and physically handicapped individuals in Terrebonne, Lafourche, St. John, St. James and St. Charles Parishes.

#### 2) Summary of Significant Accounting Policies

The following is a summary of the significant accounting policies:

- a) Principles of Consolidation. The consolidated financial statements of START Corporation include the accounts of START and its wholly-owned subsidiary, Housing Assistance for Defined Disabilities, Inc. (HADD). All significant intercompany transactions have been eliminated in consolidation.
- b) Basis of Accounting. Funds are accounted for using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.
- c) Fund Accounting. All financial transactions have been recorded and reported by the following fund groups:
  - i) Current Operating Fund. The current operating fund represents unrestricted resources over which the Board of Directors have discretionary control and which are used to carry out the operations of the organization in accordance with its by-laws.
  - ii) Land, Building, and Equipment Fund. The land, building, and equipment fund is designed to account for funds restricted for property and equipment acquisitions. Acquisitions are funded through current operations, state grants, and outside financing.
- d) Property and Equipment. Property and equipment are recorded at historical cost or, if donated, at the fair market value on the date donated and are depreciated on straight-line and accelerated methods over their estimated useful lives as follows:

## START CORPORATION AND SUBSIDIARY

### Notes to Consolidated Financial Statements, Continued

Buildings and renovations	39 years
Leasehold improvements	8 years
Vehicles	3-5 years
Furniture, fixtures and equipment	5-7 years

Expenditures for renewals and betterments are capitalized and expenditures for ordinary maintenance and repairs are expensed as incurred. The cost and accumulated depreciation applicable to assets retired or sold, if any, are removed from the respective accounts and gains or losses thereon are included in operations.

- e) **Functional Expenses.** START allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program and support service are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated by management. Principal programs are as follows:

i) **New Horizons** - A psychosocial rehabilitation club to provide enhanced employability and community adaptation for individuals with a history of serious mental illness. Additionally, the Program provides opportunities for vocational and personal development and training for individuals with handicaps.

ii) **Housing Assistance** - Program provides temporary and long-term safe, secure, affordable and community based housing for adult clients of the Department of Mental Health Region II.

iii) **Vocational Services** - Program provides opportunities for pre-vocational and direct vocational training and placement of individuals with severe mental or physical disabilities.

iv) **Yes We Can** - Program provides vocational and personal development opportunities and training for individuals with handicaps. Individuals in this program provide small commercial janitorial services in the Houma, Louisiana area.

v) **Board and Care** - Program to provide emergency respite, system respite, and board and care for adults with major mental illness.

vi) **The Line** - Program provides 24-hour a day telephone counseling service for people in crisis, especially suicide crisis. Information and referral is available through this program.

## START CORPORATION AND SUBSIDIARY

### Notes to Consolidated Financial Statements, Continued

- f) **Accumulated Vacation and Sick Leave.** Vacation and sick leave do not vest to the employee and, accordingly, have not been accrued. Employees accumulate 1 day of vacation per month to a maximum of 12 days. Employees accumulate 1 day of sick leave per month to a maximum of 60 days. Unused sick leave carries over into the next year. Upon termination, any unused vacation or sick leave is forfeited.
- g) **Income Taxes.** START is a non-profit organization and is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code of 1986. HADD, its wholly-owned subsidiary, is a title holding corporation exempt from income taxes under Section 501(c) (2) of the Internal Revenue Code of 1986. Therefore, no provisions for income taxes have been made in the financial statements.

#### 3) **Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### 4) **Funding**

START receives its principal funding through grants and contracts from the following governmental agencies:

##### State of Louisiana Department of Health and Hospitals:

Mental Health Rehabilitation Program	\$	171,526
Housing Assistance Services		54,747
Board and Care		137,224
The Line		22,771

##### State of Louisiana Division of Rehabilitation Services: Work Adjustment and Supported Work Program

		55,958
	\$	<u>401,826</u>

START CORPORATION AND SUBSIDIARY

Notes to Consolidated Financial Statements, Continued

5) Operating Leases

In September 1990, START entered into an agreement with South Louisiana Electric Cooperative Association to lease a building for a period of seven years with one option year through August 1998. According to the terms of the lease, START renovated the building in lieu of paying rent for the first three years of the lease term in the amount of \$18,000. Renovation costs incurred up to \$18,000 were recorded as prepaid rents and amortized to expense over the initial three year lease term. Renovation costs in excess of the \$18,000 will be capitalized as leasehold improvements and amortized over the remaining lease term.

Minimum future rental payments under the non-cancelable operating lease as of June 30, 1990 for each of the next four years and in the aggregate follow:

1997	\$	9,000
1998		9,000
1999		1,500
	<u>\$</u>	<u>19,500</u>

6) Notes Payable

Notes payable at June 30, 1990 follow:

12.75% demand note payable to Hibernia National Bank in monthly installments of \$294, including interest, with remaining balance due July, 1997 if no demand is made. Collateralized by a vehicle.	\$	3,500
Discounted unsecured insurance notes payable in monthly installments of principal and interest of \$2,179, maturing December, 1998.		<u>12,600</u>
Total notes payable:	<u>\$</u>	<u>16,100</u>

START also has a \$35,000 bank line of credit. At June 30, 1990, no amounts are outstanding on this line.

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

To the Board of Directors  
START Corporation and Subsidiary  
Houma, Louisiana

We have audited the consolidated financial statements of START Corporation and Subsidiary (non-profit organizations) as of and for the year ended June 30, 1995, and have issued our report thereon dated September 17, 1995.

We conducted our audit in accordance with generally accepted auditing standards, and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants to START Corporation and Subsidiary is the responsibility of START's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the consolidated 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 and regulatory agencies. However, this report is a matter of public record, and its distribution is not limited.

*Berenson & Company*

September 17, 1995



## START CORPORATION AND SUBSIDIARY

### Notes to Consolidated Financial Statements, Continued

#### **8) Deferred Compensation Plans**

Employees of START have the option to participate in a deferred compensation program as defined by Internal Revenue Code Section 403 (b) (see sheltered annuities). START has the responsibility for withholding and remitting contributions from participants to the plan. An insurance company serves as administrator and has the responsibility for maintaining a deferred account with respect to each participant, investing the participant's account in accordance with the participant's investment specifications and reporting annually to the participant and the Company on the status of the plan.

#### **9) Commitments, Contingencies and Economic Dependency**

START receives a substantial portion of its revenues from state grants and contracts which are subject to audit by state government. The ultimate determination of amounts received under these programs generally is based on units of service provided or allowable costs reported to and audited by the applicable state agency. Until such audits have been completed and final settlement reached, there exists a contingency to refund any amount received in excess of allowable cost and service reimbursement. Management is of the opinion that no material liability will result from such audits.

START receives a significant portion of its revenues from state contracts. If these funding sources are significantly reduced, START will not be able to continue operations as it is presently structured.

**SUPPLEMENTARY FINANCIAL REPORTS**

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

This report is intended for the information of the Board of Directors, management, and regulatory agencies. However, this report is a matter of public record, and its distribution is not limited.

*Bergeson & Company*

September 17, 1995

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# START CORPORATION AND SUBSIDIARY

Consolidated Financial Reports

June 30, 1966

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

Release Date DEC 18 1966

*Burgess & Company*  
— Certified Public Accountants —  
Baton Rouge, Louisiana

A PROFESSIONAL CORPORATION

START CORPORATION AND SUBSIDIARY

Consolidated Financial Reports

June 30, 1998

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# Bergerson & Company

— CERTIFIED PUBLIC ACCOUNTANTS —  
A PROFESSIONAL CORPORATION

CLARENCE E. BERGERSON, CPA  
TOWNSHIP OF LAKECHAR, LOUISIANA

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
START Corporation and Subsidiary  
Houma, Louisiana

We have audited the accompanying consolidated balance sheet of START Corporation and Subsidiary (non-profit organizations) as of June 30, 1998, and the related consolidated statements of support, revenues and expenses and changes in fund balance, and functional revenues and expenses for the year then ended. These consolidated financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of START Corporation and Subsidiary as of June 30, 1998, and the results of their operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated September 17, 1998 on our consideration of START Corporation and Subsidiary's internal control structure and a report dated September 17, 1998 on their compliance with laws and regulations.

*Bergerson + Company*

September 17, 1998

STAFF CORPORATION AND SUBSIDIARY

Consolidated Balance Sheet

June 30, 1998

	Current Operating Fund	Land, Building and Equipment Fund	Total All Funds
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash	\$ 8,528	\$ -	\$ 8,528
Grant and contract receivables	57,887	-	57,887
Accounts receivable	8,881	-	8,881
Other prepaid expenses and deposits	29,290	-	29,290
Total current assets	<u>104,586</u>	<u>-</u>	<u>104,586</u>
<b>Land, buildings, and equipment at cost:</b>			
Land	-	24,811	24,811
Buildings and renovations	-	88,308	88,308
Leasehold improvements	-	21,878	21,878
Furniture, fixtures & equipment	-	78,518	78,518
Vehicles	-	15,857	15,857
	-	<u>239,382</u>	<u>239,382</u>
Less accumulated depreciation	-	<u>(88,148)</u>	<u>(88,148)</u>
Net land, buildings, and equipment	-	<u>151,234</u>	<u>151,234</u>
Total assets	<u>\$ 104,586</u>	<u>\$ 151,234</u>	<u>\$ 255,820</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Current liabilities:</b>			
Current maturities of long- term debt	\$ -	\$ 5,883	\$ 5,883
Notes payable	12,802	3,537	16,339
Payroll taxes payable	2,392	-	2,392
Total current liabilities	<u>14,994</u>	<u>9,420</u>	<u>24,414</u>
Long-term debt, net of current maturities	-	80,581	80,581
Total liabilities	<u>14,994</u>	<u>90,001</u>	<u>105,005</u>
Fund balance	<u>89,592</u>	<u>61,233</u>	<u>150,825</u>
Total liabilities and fund balances	<u>\$ 104,586</u>	<u>\$ 151,234</u>	<u>\$ 255,820</u>

START CORPORATION AND SUBSIDIARY

Notes to Consolidated Financial Statements, Continued

7) Long-Term Debt

Long-term debt at June 30, 1998 follows:

8.75% note payable to Hibernia National Bank in monthly installments of \$700, including interest with remaining balance due September 28, 1997, collateralized by building and land.	\$ 64,500
Non-interest bearing note payable to individuals due October 1, 1997 including interest imputed at 9.5% annual rate. This note is subordinated to the Hibernia National Bank note and is collateralized by building and land.	16,700
11.9% discounted note payable to GMAC in monthly installments of \$313, including interest, due July, 1998, collateralized by a vehicle.	<u>7,815</u>
Total long-term debt	89,151
Less imputed interest included above	(2,617)
Less current maturities	<u>(5,953)</u>
Total long-term debt, net of current maturities	<u>\$ 80,581</u>

Future maturities of long-term debt are as follows:

<u>June 30,</u>	
1997	\$ 6,000
1998	82,230
1999	313
	<u>\$ 89,151</u>