

*Financial Report*

*Lafourche ARC*

*Thibodaux, Louisiana*

*June 30, 1997*

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LAFOURCHE ARC

# TABLE OF CONTENTS

## Lafourche ARC

June 30, 1997

	Page Number
<b>INTRODUCTORY SECTION</b>	
Title Page	i
Table of Contents	ii
<b>FINANCIAL SECTION</b>	
Independent Auditor's Report	1
<b>Exhibits</b>	
A - Statements of Financial Position	2
B - Statements of Activities	3
C - Statement of Functional Expenses - 1997	5
D - Statement of Functional Expenses - 1996	7
E - Statements of Cash Flows	9
F - Notes to Financial Statements	11
<b>SUPPLEMENTAL INFORMATION SECTION</b>	
Independent Auditor's Report on Supplemental Information	19
<b>Schedules</b>	
1 - Schedule of Program Financial Position	20

**TABLE OF CONTENTS**

(Continued)

June 30, 1997

Page  
Number**Schedules (Continued)**

2 - Schedule of Program Activities	22
3 - Schedule of Program Services Expenses	24
4 - Schedule of Support Services Expenses	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	28
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Bourgeois Bennett

## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying statements of financial position of Lafourche ARC (the Association), a nonprofit organization, as of June 30, 1997 and 1996, 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 Government Auditing Standards, issued by the Comptroller General of the United States. These 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 Lafourche ARC as of June 30, 1997 and 1996, 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 our report dated August 15, 1997, 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.,  
August 15, 1997.

## STATEMENTS OF FINANCIAL POSITION

## Lafourche ARC

June 30, 1997 and 1996

	<u>1997</u>	<u>1996</u>
<b>Assets</b>		
Cash	\$ 537,251	\$ 739,435
Investments	1,933,622	929,736
Due from State of Louisiana	541,967	456,444
Accounts receivable	74,308	63,287
Unconditional promises to give	178,024	-
Prepaid insurance	19,070	39,842
Deposits	21,297	3,673
Buildings, furniture and equipment, less accumulated depreciation of \$781,621 (\$706,891 in 1996)	<u>1,075,034</u>	<u>1,987,926</u>
<b>Totals</b>	<b><u>\$4,380,643</u></b>	<b><u>\$3,340,343</u></b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	\$ 96,106	\$ 123,455
Due to the State of Louisiana	<u>-</u>	<u>34,835</u>
<b>Total liabilities</b>	<b>96,106</b>	<b>158,290</b>
<b>Net Assets</b>		
Unrestricted	4,106,513	3,182,053
Temporarily restricted	<u>178,024</u>	<u>-</u>
<b>Total net assets</b>	<b><u>4,284,537</u></b>	<b><u>3,182,053</u></b>
<b>Totals</b>	<b><u>\$4,380,643</u></b>	<b><u>\$3,340,343</u></b>

See notes to financial statements.

## STATEMENTS OF ACTIVITIES

## Lafourche ARC

For the years ended June 30, 1997 and 1996

	1997	1996
Unrestricted Net Assets		
Support:		
Governmental Grants:		
Office for Citizens with Developmental Disabilities	\$ 373,846	\$ 378,614
Group Services:		
Residential community homes	2,295,419	1,968,603
Respite	1,590,282	1,363,528
State institution	283,947	284,163
Other groups	52,604	43,170
Sustained workshop, net of \$103,055 (\$122,721 in 1996) of direct costs	114,374	92,414
Contributions	30,970	31,355
Client income	197,375	183,738
Interest income	91,789	83,267
Miscellaneous	234	2,778
Total unrestricted support:	<u>5,030,940</u>	<u>4,783,787</u>
Expenses:		
Program services expenses:		
Medical and nursing	29,683	29,376
Therapeutic and training	2,946,322	2,608,769
Recreational	2,926	2,048
Consultants	65,325	72,413
Total program services expenses:	<u>3,044,256</u>	<u>2,708,606</u>
Support services expenses:		
Administrative and general	643,241	710,562
Plant operations and maintenance	93,913	93,901
Costs related to capital assets	179,713	137,233
Dietary expenses	34,247	78,698
Laundry and linen	2,350	1,889
Housekeeping	42,378	34,722
Personal client needs	38,374	11,404
Total support services expenses:	<u>1,062,214</u>	<u>1,088,371</u>
Total expenses:	<u>4,106,470</u>	<u>3,796,977</u>

	<u>1997</u>	<u>1996</u>
<b>Increase in Unrestricted Net Assets</b>	924,490	977,008
<b>Temporarily Restricted Net Assets</b>		
Unconditional promises to give	<u>178,028</u>	<u>-</u>
<b>Increase in Net Assets</b>	1,102,484	977,008
<b>Net Assets</b>		
Beginning of year	<u>3,182,053</u>	<u>2,585,045</u>
End of year	<u>\$4,284,537</u>	<u>\$3,182,053</u>

See notes to financial statements.

**STATEMENT OF FUNCTIONAL EXPENSES**

**Lafayette ARC**

For the year ended June 30, 1997

	Program Services				
	Medical and Nursing	Therapeutic and Training	Recrea- tional	Consultants	Total
Central office	\$ -	\$ -	\$ -	\$ -	\$ -
Vehicles - gas, oil and repairs	-	-	-	-	-
Salaries, payroll taxes and benefits	-	1,809,328	-	-	1,809,328
Insurance	-	-	-	-	-
Supplies	6,511	30,994	1,936	-	40,441
Travel and seminars	-	-	-	-	-
Telephone	-	-	-	-	-
Dues and subscriptions	-	-	-	-	-
Training-in-service	-	-	-	-	-
Leases	-	-	-	-	-
Postage	-	-	-	-	-
Professional fees	-	-	-	-	-
Office	272	-	-	1,569	1,841
Contracts - outside services	-	-	-	58,756	58,756
Maintenance and repairs	-	-	-	-	-
Utilities	-	-	-	-	-
Depreciation	-	-	-	-	-
Lease	-	-	-	-	-
Food	-	-	-	-	-
Linen and bedding	-	-	-	-	-
Clothing	-	-	-	-	-
Medical services	15,706	-	-	-	15,706
Prescriptions	7,194	-	-	-	7,194
Habitations	-	16,699	-	-	16,699
Bed fees	-	-	-	-	-
<b>Total expenses</b>	<b>\$ 22,692</b>	<b>\$ 1,946,122</b>	<b>\$ 1,936</b>	<b>\$ 60,325</b>	<b>\$ 1,994,146</b>

See notes to financial statements.



## Support Services

Administrative and General	Plant Operations and Maintenance	Capital Assets	Dietary	Laundry and Linen	House-Keeping Supplies	Personal Client Needs	Total	Grand Total
\$ 244,275	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 244,275	\$ 244,275
56,275	-	-	-	-	-	-	56,275	56,275
-	-	-	-	-	-	-	-	2,888,329
138,448	-	-	-	-	-	-	138,448	138,448
18,046	-	-	548	184	42,378	-	61,256	61,256
26,079	-	-	-	-	-	-	26,079	26,079
13,248	-	-	-	-	-	-	13,248	13,248
111	-	-	-	-	-	-	111	111
2,550	-	-	-	-	-	-	2,550	2,550
2,561	-	-	-	-	-	-	2,561	2,561
2,828	-	-	-	-	-	-	2,828	2,828
18,434	-	-	-	-	-	-	18,434	18,434
6,668	-	-	-	-	-	9,268	15,936	25,508
-	587	-	6,213	-	-	-	7,000	66,958
-	33,284	-	-	-	-	-	33,284	33,284
-	65,628	-	-	-	-	-	65,628	65,628
-	-	888,213	-	-	-	-	888,213	888,213
-	-	76,588	-	-	-	-	76,588	76,588
-	-	-	67,487	-	-	-	67,487	67,487
-	-	-	-	2,866	-	-	2,866	2,866
-	-	-	-	-	-	9,308	9,308	9,308
-	-	-	-	-	-	-	-	15,736
-	-	-	-	-	-	-	-	7,104
-	-	-	-	-	-	-	-	26,699
128,248	-	-	-	-	-	-	128,248	128,248
<u>\$ 643,281</u>	<u>\$ 89,211</u>	<u>\$ 176,713</u>	<u>\$ 74,247</u>	<u>\$ 2,358</u>	<u>\$ 42,378</u>	<u>\$ 18,374</u>	<u>\$ 1,063,214</u>	<u>\$ 4,306,488</u>

**STATEMENT OF FUNCTIONAL EXPENSES**

**Laborers ABC**

For the year ended June 30, 1996

	Program Services				
	Medical and Nursing	Therapeutic and Training	Recrea- tional	Consultants	Total
Central office	\$ -	\$ -	\$ -	\$ -	\$ -
Vehicles - gas, oil and repairs	-	-	-	-	-
Salary, payroll taxes and benefits	-	2,178,621	-	-	2,178,621
Contract labor	-	2,661	-	-	2,661
Insurance	-	-	-	-	-
Supplies	3,800	21,805	2,648	-	31,648
Travel and seminars	-	-	-	-	-
Interest	-	-	-	-	-
Telephone	-	-	-	-	-
Data and subscriptions	-	-	-	-	-
Training-in-service	-	-	-	-	-
Liternity	-	-	-	-	-
Postage	-	-	-	-	-
Professional fees	-	-	-	-	-
Other	650	-	-	-	650
Contracts - outside services	-	-	-	72,415	72,415
Maintenance and repairs	-	-	-	-	-
Utilities	-	-	-	-	-
Depreciation	-	-	-	-	-
Lease	-	-	-	-	-
Food	-	-	-	-	-
Lease and building	-	-	-	-	-
Printing	-	-	-	-	-
Medical services	11,079	-	-	-	11,079
Prescriptions	4,841	-	-	-	4,841
Habilitation	-	5,672	-	-	5,672
Dual fees	-	-	-	-	-
<b>Total expenses</b>	<b>\$ 15,136</b>	<b>\$ 2,688,708</b>	<b>\$ 2,648</b>	<b>\$ 72,415</b>	<b>\$ 2,798,698</b>

See notes to financial statements.

## Support Services

Administrative and General	Plant Operations and Maintenance	Capital Assets	Dietary	Laundry and Linen	House-keeping Supplies	Personal Care Needs	Total	Grand Total
\$ 288,686	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 288,686	\$ 288,686
48,522	-	-	-	-	-	-	48,522	48,522
38,935	-	-	-	-	-	-	38,935	2,683,586
-	-	-	-	-	-	-	-	2,684
212,936	-	-	-	-	-	-	212,936	212,936
17,812	-	-	309	1,884	24,712	-	26,915	86,581
21,208	-	-	-	-	-	-	21,208	21,208
8,671	-	-	-	-	-	-	8,671	8,671
12,927	-	-	-	-	-	-	12,927	12,927
241	-	-	-	-	-	-	241	241
2,887	-	-	-	-	-	-	2,887	2,887
2,590	-	-	-	-	-	-	2,590	2,590
2,502	-	-	-	-	-	-	2,502	2,502
18,986	-	-	-	-	-	-	18,986	18,986
12,511	-	-	-	-	-	8,927	18,588	20,163
-	2,298	-	7,212	-	-	-	18,511	82,966
-	24,294	-	-	-	-	-	24,294	24,294
-	26,489	-	-	-	-	-	26,489	26,489
-	-	88,181	-	-	-	-	88,181	88,181
-	-	68,680	-	-	-	-	68,680	68,680
-	-	-	78,876	-	-	-	78,876	78,876
-	-	-	-	763	-	-	763	763
-	-	-	-	-	-	5,487	5,487	5,487
-	-	-	-	-	-	-	-	11,879
-	-	-	-	-	-	-	-	4,841
-	-	-	-	-	-	-	-	3,672
118,478	-	-	-	-	-	-	118,478	176,478
\$ 218,962	\$ 29,291	\$ 157,221	\$ 78,498	\$ 1,847	\$ 24,712	\$ 11,494	\$1,988,171	\$3,786,779

## STATEMENTS OF CASH FLOWS

## Lafayette ABC

For the years ended June 30, 1997 and 1996

	<u>1997</u>	<u>1996</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase in net assets	\$ 1,102,484	\$ 597,008
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Gain on sale of vehicle	-	(2,000)
Depreciation	103,214	93,080
Decrease (increase) in operating assets:		
Receivables	(96,274)	(36,389)
Prepaid insurance	20,732	-
Deposits	(17,624)	1,578
Increase (decrease) in operating liabilities:		
Accounts payable	(27,309)	1,502
Contributions restricted for time restrictions:		
Unconditional promises to give	(178,824)	-
Total adjustments	<u>(195,645)</u>	<u>62,771</u>
Net cash provided by operating activities	<u>906,839</u>	<u>659,779</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments	(2,782,752)	(730,007)
Proceeds from maturity of investments	1,778,866	500,000
Proceeds from sale of land	18,500	-
Proceeds from sale of vehicle	-	2,000
Payments for construction in progress	(9,579)	(84,533)
Purchase of vehicles	(75,182)	(59,224)
Purchase of furniture and fixtures	<u>(24,051)</u>	<u>(47,987)</u>
Net cash used by investing activities	<u>(1,094,208)</u>	<u>(299,751)</u>

**CASH FLOWS FROM FINANCING ACTIVITIES**

Payment to the State of Louisiana	(54,835)	-
Payment on notes payable	<u>-</u>	<u>(192,742)</u>
Net cash used by financing activities	<u>(54,835)</u>	<u>(192,742)</u>
Net increase (decrease) in cash	(222,294)	67,286

**CASH**

Beginning of year	<u>759,435</u>	<u>692,149</u>
End of year	<u>\$ 537,231</u>	<u>\$ 759,435</u>

**SUPPLEMENTAL DISCLOSURES**

Interest paid	<u>\$ -</u>	<u>\$ 8,611</u>
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See notes to financial statements.

**NOTES TO FINANCIAL STATEMENTS****Lafourche ARC**

June 30, 1997 and 1996

**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, 1997 and 1996.

**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, 1997 and 1996, 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 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.

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**j) Donated Property and Equipment**

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Association reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Association reclassifies temporarily restricted net assets to unrestricted net assets at the time. At June 30, 1997 and 1996 the association had no donated property and equipment.

**k) 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.

**l) Compensated Absences**

All full-time employees earn one day of leave per month for a maximum of twelve (12) days leave per fiscal year. The twelve days are to cover both vacation and sick leave. Leave must be taken during the fiscal year earned and is not accumulative from one year to the next. Accordingly, the financial statements do not include a provision for compensated absences.

**m) 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.



**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**a) 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.

**a) Reclassification**

Previously, the Association reported revenues from its residential services and with its respite program revenues as Title XIX - charges for services. In order to conform to the 1997 presentation, residential services and respite revenues for 1996 have been reported separately in the Statement of Activities.

**Note 2 - CASH AND INVESTMENTS**

During the year ended June 30, 1997 and 1996, the Association maintained its cash deposits and certificates of deposit with a single bank. As of June 30, 1997 and 1996, all deposits and certificates of deposit were secured by FDIC insurance and United States and other government securities pledged to the Association at June 30, 1997 and 1996.

**Note 3 - DUE FROM STATE OF LOUISIANA**

Amounts due from State of Louisiana at June 30, 1997 and 1996 were as follows:

	<u>1997</u>	<u>1996</u>
Department of Health and Hospitals	\$540,727	\$433,481
Department of Social Services	<u>1,240</u>	<u>2,908</u>
<b>Totals</b>	<b><u>\$541,967</u></b>	<b><u>\$436,389</u></b>

**Note 4 - UNCONDITIONAL PROMISES TO GIVE**

All restrictions of net assets at June 30, 1997 relate to time restrictions placed on unconditional promises to give. All net assets were unrestricted at June 30, 1996. Temporarily restricted net assets consists of unconditional promises to give at June 30, 1997 as follows:

	<u>1997</u>
Unconditional promises	\$225,000
Unconditional discount	<u>(26,226)</u>
Net unconditional promises to give	<u>\$198,774</u>
Amounts due in:	
Less than one year	\$ 23,000
One to five years	<u>125,000</u>
More than five years	<u>75,000</u>
Total unconditional promises to give	<u>\$323,000</u>

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, 1997 and 1996 consist of the following:

	<u>1997</u>	<u>1996</u>
Land	\$ 34,500	\$ 33,000
Buildings	902,348	863,621
Life safety code additions	4,349	4,349
Vehicles	493,969	448,340
Furniture and fixtures	482,852	378,888
Medical equipment	2,038	2,038
Minor equipment	14,619	14,619
Construction in progress	<u>-</u>	<u>29,382</u>
	<u>1,856,655</u>	<u>1,795,957</u>
Less: Accumulated depreciation	<u>(781,621)</u>	<u>(708,031)</u>
Net buildings, furniture and equipment	<u>\$1,075,034</u>	<u>\$1,087,926</u>

**Note 5 - BUILDINGS, FURNITURE AND EQUIPMENT (Continued)**

At June 30, 1996 construction in progress represents land improvements and architectural services incurred in connection with construction of buildings and additions to be used in day program services.

**Note 6 - LEASE COMMITMENTS**

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

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>Total</u>
Chickbay	\$19,800	\$19,800	\$19,800	\$59,400
Country Club	8,400	5,600	-	14,000
Diplomat Way	19,200	19,200	19,200	\$57,600
Narrow Street	10,200	10,200	10,200	30,600
Terry Home	<u>6,300</u>	<u>-</u>	<u>-</u>	<u>6,300</u>
<b>Totals</b>	<b>\$63,900</b>	<b>\$54,800</b>	<b>\$49,200</b>	<b>\$167,900</b>

Rental expenses incurred under leases amounted to \$76,500 and \$77,850 for the years ended June 30, 1997 and 1996, respectively.

**Note 7 - CENTRAL OFFICE OVERHEAD**

The central office overhead was established to account for supporting program expenses common to the residential programs. Each program reimburses the central office for its share. The amount allocated to each program, as supporting service - administrative and general is based upon time and level of effort expended on each program. For the years ended June 30, 1997 and 1996, personal service and occupancy costs amounting to \$244,275 and \$200,626, respectively, were incurred. During the year ended June 30, 1997, the Association began allocating central office overhead to Day Care Services. Prior to July 1, 1996 these costs were accounted for as direct charges by Day Care Services. For the year ended June 30, 1996, the direct charges were approximately equal to the 1997 allocation.

**Note 7 - CENTRAL OFFICE OVERHEAD (Continued)**

The amounts allocated to each residential program are as follows:

	<u>1997</u>	<u>1996</u>
Chadbury Community Home	\$ 20,356	\$ 24,333
Country Club Community Home	20,356	24,333
Diplomat Way Community Home	20,356	24,333
Stevens Community Home	20,356	24,333
Narrow Street Community Home	20,356	24,333
Terry Community Home	20,356	24,333
Respite	53,269	45,025
Supervised Apartments	12,214	10,233
Daycare Services	<u>38,626</u>	<u>-</u>
<b>Totals</b>	<b><u>\$344,275</u></b>	<b><u>\$200,656</u></b>

**Note 8 - 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, 1997 and 1996 amounted to \$17,413 and \$8,847, respectively.

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 9 - LETTER OF CREDIT**

At June 30, 1997, a letter of credit amounting to \$8,400 relating to the local matching funds for Section 5310 Elderly and Disabled Grants Program to purchase equipment under State Project No. 734-89-0291 and Federal Project No. LA-18-9023 was outstanding. A promissory note in the amount of \$8,400 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 bears interest at 10.50% annually on the outstanding balance. At June 30, 1997, \$8,400 remains available on the letter of credit.

**Note 10 - ECONOMIC DEPENDENCY**

The Association receives federal and state funding on a per diem per client/day basis, on a reimbursement for actual expenditures 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.

**SUPPLEMENTAL INFORMATION**



Bourgeois Bennett

**INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTAL INFORMATION**

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

Our report on our audit of the basic financial statements of Lafourche ARC (the Association), a nonprofit organization, as of and for the year ended 1997 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, LLC.*

Certified Public Accountants

Houma, La.,  
August 15, 1997.

**SCHEDULE OF PROGRAM FINANCIAL POSITION**

**Lebanon ARC**

June 30, 1997

	Residential					
	Chickley	Country Club	Diplomat Way	Harwin	Hanson Street	Tracy
<b>Assets</b>						
Cash	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200
Investments	219,150	218,887	229,643	28,000	183,340	98,508
Due from State of Louisiana	29,870	24,125	25,766	21,764	24,346	20,237
Accounts receivable	4,843	2,389	3,077	247	4,668	2,210
Due from other programs	38,595	63,726	68,552	68,334	24,277	26,474
Unconditional promises to give	-	-	-	-	-	-
Prepaid insurance	1,248	1,203	1,432	1,809	237	1,850
Other assets	78	135	93	33	185	305
Buildings, furniture and equipment, less accumulated depreciation of \$781,631	29,869	16,094	11,248	330,898	1,273	9,658
<b>Total</b>	<b>\$ 333,650</b>	<b>\$ 218,689</b>	<b>\$ 248,093</b>	<b>\$ 458,791</b>	<b>\$ 260,738</b>	<b>\$ 168,689</b>
<b>Liabilities</b>						
Accounts payable and accrued liabilities	\$ 6,311	\$ 4,762	\$ 5,862	\$ 8,544	\$ 4,825	\$ 6,454
Due to other programs	-	-	-	364,353	-	-
<b>Total liabilities</b>	<b>6,311</b>	<b>4,762</b>	<b>5,862</b>	<b>372,897</b>	<b>4,825</b>	<b>6,454</b>
<b>Net Assets</b>						
Unrestricted	327,339	213,927	242,231	82,898	255,913	162,235
Temporarily restricted	-	-	-	-	-	-
<b>Total net assets</b>	<b>327,339</b>	<b>213,927</b>	<b>242,231</b>	<b>82,898</b>	<b>255,913</b>	<b>162,235</b>
<b>Total</b>	<b>\$ 333,650</b>	<b>\$ 218,689</b>	<b>\$ 248,093</b>	<b>\$ 458,791</b>	<b>\$ 260,738</b>	<b>\$ 168,689</b>



People	Expenses				Day-Care Services	Eliminations	Grand Total
	Supervised Apartments	Control Office	Eliminations	Total			
\$ -	\$ 46,710	\$ 344,000	\$ -	\$ 414,860	\$ 122,908	\$ -	\$ 537,768
329,288	189,240	-	-	1,319,870	413,758	-	1,933,020
347,537	34,874	-	-	475,120	68,843	-	543,963
18,265	4,266	-	-	41,956	32,442	-	74,398
475,265	-	42,265	(796,771)	28,117	-	(26,117)	-
-	-	178,024	-	178,024	-	-	178,024
6,188	-	181	-	14,824	4,246	-	19,339
-	4,319	-	-	4,653	16,644	-	21,297
<u>45,000</u>	<u>1,795</u>	<u>12,699</u>	<u>-</u>	<u>471,612</u>	<u>684,611</u>	<u>-</u>	<u>1,056,223</u>
<b>\$ 1,315,450</b>	<b>\$ 232,937</b>	<b>\$ 299,131</b>	<b>\$ (796,771)</b>	<b>\$ 2,144,442</b>	<b>\$ 1,262,318</b>	<b>\$ (26,117)</b>	<b>\$ 4,380,640</b>
\$ 15,628	\$ 6,549	\$ 5,897	\$ -	\$ 78,390	\$ 21,914	\$ -	\$ 96,166
-	12,148	413,270	(796,771)	-	26,912	(26,117)	-
15,628	22,707	419,167	(796,771)	78,390	47,826	(26,117)	96,166
1,299,822	209,240	-	-	1,891,828	1,214,687	-	4,186,515
-	-	178,024	-	178,024	-	-	178,024
<u>1,299,822</u>	<u>209,240</u>	<u>178,024</u>	<u>-</u>	<u>1,869,852</u>	<u>1,214,687</u>	<u>-</u>	<u>4,284,537</u>
<b>\$ 1,315,450</b>	<b>\$ 232,937</b>	<b>\$ 299,131</b>	<b>\$ (796,771)</b>	<b>\$ 2,144,442</b>	<b>\$ 1,262,318</b>	<b>\$ (26,117)</b>	<b>\$ 4,380,640</b>

**SCHEDULE OF PROGRAM ACTIVITIES**

**Laborers ABC**

For the year ended June 30, 1997

	Residential					
	Geeking	Country Club	Impress Way	Baynes	Marine Green	Tony
<b>Unrestricted Net Assets</b>						
<b>Support:</b>						
Governmental Grants						
Office for Citizens with						
Developmental Disabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Group Services						
Residential services	228,831	275,463	211,083	271,071	275,756	246,413
Fees	-	-	-	-	-	-
Basic instruction	-	-	-	-	-	-
Unrestricted group	-	-	-	-	-	-
Methodical workshop, out of \$150,000						
of direct costs	-	-	-	-	-	700
Contributions	-	-	-	-	-	-
Contributions	-	-	-	-	-	-
Other income	26,770	25,756	23,230	24,756	25,000	23,854
Interest income	10,813	9,824	11,665	287	9,028	3,674
Miscellaneous	-	-	-	-	-	-
<b>Total unrestricted support</b>	<b>266,714</b>	<b>300,043</b>	<b>266,978</b>	<b>497,854</b>	<b>509,882</b>	<b>364,741</b>
<b>Expenses:</b>						
Program services expenses						
Medical and nursing	4,760	4,183	4,335	3,189	3,895	5,461
Therapeutic and training	171,740	181,187	171,738	229,808	122,760	229,291
Recreation	128	269	476	290	372	1,767
Consultants	5,000	3,992	31,617	31,208	8,987	10,699
<b>Total program expenses</b>	<b>181,628</b>	<b>189,631</b>	<b>208,166</b>	<b>264,687</b>	<b>136,114</b>	<b>248,218</b>
Support services expenses:						
Administrative and general	58,528	54,254	58,971	62,049	53,880	60,226
Plant operation and maintenance	7,862	5,629	7,611	7,882	5,841	8,671
Costs related to capital assets	24,286	18,033	21,222	13,512	19,617	8,158
Dues and expenses	11,227	18,078	14,478	11,886	19,968	12,713
Lauding and linen	49	197	1,641	76	108	173
Printing	3,877	5,819	4,641	3,029	4,542	5,895
Personal alarm needs	1,389	4,144	4,234	1,888	3,282	3,789
<b>Total support services expenses</b>	<b>108,248</b>	<b>71,204</b>	<b>101,798</b>	<b>94,284</b>	<b>98,918</b>	<b>95,177</b>
<b>Total expenses</b>	<b>289,876</b>	<b>260,835</b>	<b>289,964</b>	<b>358,971</b>	<b>235,032</b>	<b>343,395</b>
<b>Increase in Unrestricted Net Assets</b>	<b>67,838</b>	<b>69,208</b>	<b>66,614</b>	<b>138,883</b>	<b>274,850</b>	<b>121,346</b>
<b>Temporarily Restricted Net Assets</b>						
Disconditional promises to give	-	-	-	-	-	-
<b>Increase in Net Assets</b>	<b>67,838</b>	<b>69,208</b>	<b>66,614</b>	<b>138,883</b>	<b>274,850</b>	<b>121,346</b>
<b>Net Assets</b>						
Beginning of year	268,871	144,236	271,792	31,711	126,731	144,628
End of year	<b>\$ 336,709</b>	<b>\$ 213,444</b>	<b>\$ 338,406</b>	<b>\$ 170,594</b>	<b>\$ 401,581</b>	<b>\$ 265,974</b>

Receipts	Expenses			Total	Net-Cost Services	Eliminations	Grand Total
	Supervised Apartment	Control Office	Eliminations				
\$ -	\$ 76,857	\$ -	\$ -	\$ 76,857	\$ 302,989	\$ -	\$ 379,846
-	261,000	-	-	2,386,236	371,196	(221,807)	1,535,559
1,599,282	-	-	-	1,798,202	-	-	1,599,282
-	-	-	-	-	283,947	-	283,947
-	-	-	-	-	92,684	-	92,684
-	-	-	-	788	102,624	-	103,412
-	811	25,628	-	26,439	4,788	-	31,227
-	-	144,275	(144,275)	-	-	-	-
-	42,600	-	-	197,315	-	-	197,315
18,856	2,792	-	-	49,839	22,736	-	72,595
-	-	-	-	-	244	-	244
1,609,058	483,718	158,894	(244,275)	946,695	1,112,974	(221,807)	1,837,862
718	1,726	168	-	19,600	-	-	21,102
1,684,188	488,928	-	-	1,441,402	758,712	(221,807)	2,978,313
1,682	1,679	200	-	55,925	-	-	57,804
1,683,690	492,827	368	-	1,509,327	758,712	(221,807)	3,044,541
78,150	58,873	244,234	(244,234)	468,453	176,786	-	645,239
918	187	9,828	-	55,328	48,582	-	103,910
13,611	598	11,000	-	118,282	61,688	-	179,970
868	-	-	-	78,287	-	-	78,287
-	-	-	-	2,288	-	-	2,288
-	-	1,000	-	27,886	14,670	-	42,556
-	-	-	-	18,075	-	-	18,075
82,867	60,288	269,332	(244,234)	764,698	192,236	-	956,934
1,149,987	244,275	269,894	(244,234)	1,379,922	1,054,008	(221,807)	3,212,123
699,491	62,145	-	-	861,387	88,070	-	949,457
-	-	178,624	-	178,624	-	-	178,624
699,491	62,145	178,624	-	1,040,441	88,070	-	1,128,511
899,171	182,085	-	-	1,015,409	1,155,014	-	2,170,423
\$ 1,219,627	\$ 285,182	\$ 178,624	\$ -	\$ 1,683,433	\$ 1,214,087	\$ -	\$ 2,897,520

**SCHEDULE OF PROGRAM SERVICES/EXPENSES**

**Lafayette ARC**

For the year ended June 30, 1997

	Residential					Total
	Chickley	Country Club	Diplomat Way	Sierra	Harbor Street	
<b>Medical and Nursing</b>						
Medical services	\$ 1,217	\$ 2,506	\$ 767	\$ 1,350	\$ 3,723	\$ 4,137
Supplies	1,244	800	2,683	154	460	464
Prescriptions	1,828	1,345	977	1,476	983	854
Color	206	39	9	9	9	9
	<u>4,795</u>	<u>4,790</u>	<u>4,396</u>	<u>3,189</u>	<u>5,095</u>	<u>5,463</u>
<b>Therapeutic and Training</b>						
Salaries and benefits	190,288	92,979	129,788	186,320	85,618	181,643
Payroll taxes	18,241	7,765	11,088	33,191	6,793	13,882
Supplies	259	187	540	75	58	248
Habilitation	20,312	20,312	20,312	20,312	20,312	20,312
	<u>171,100</u>	<u>131,187</u>	<u>171,728</u>	<u>320,808</u>	<u>132,781</u>	<u>320,595</u>
<b>Recreational</b>						
Supplies	128	269	470	390	372	1,367
<b>Consultants</b>						
Registered nurse	2,899	2,802	4,991	4,651	2,846	3,976
Physicians	208	238	288	288	174	409
Pharmacist	35	65	377	280	130	434
Psychologist	4,200	2,280	3,480	3,071	3,542	3,804
Physical therapist	1,888	48	325	-	80	80
Color	472	898	899	383	687	799
Social worker	837	807	927	852	837	837
Speech therapist	-	828	500	480	480	568
	<u>9,909</u>	<u>7,792</u>	<u>13,167</u>	<u>12,284</u>	<u>8,987</u>	<u>12,649</u>
<b>Total program expenses</b>	<u>\$ 181,638</u>	<u>\$ 143,851</u>	<u>\$ 387,711</u>	<u>\$ 249,492</u>	<u>\$ 157,124</u>	<u>\$ 249,188</u>

## Services

Receipts	Supervised Apartments	Control Officer	Total	Day Care Services	Eliminations	Grand Total
\$ -	\$ 1,718	\$ 88	\$ 13,706			\$ 13,706
134	-	63	6,921			6,921
-	-	22	1,094			1,094
-	-	-	272			272
134	1,718	109	20,992			20,992
970,657	160,280		1,974,894	\$ 793,603	\$ -	2,678,350
81,433	18,175		101,638	49,856	-	210,674
88	28,875		38,430	574	-	80,984
-	62,688		244,480	3,432	(221,803)	26,099
1,054,188	269,928		2,411,402	756,713	(221,803)	2,946,320
			2,926			2,926
1,179	-	-	33,360			33,360
-	-	-	1,343			1,343
-	-	-	1,271			1,271
132	-	-	24,452			24,452
-	-	-	1,613			1,613
230	1,679	380	5,369			5,369
-	-	-	5,142			5,142
-	-	-	2,470			2,470
1,581	1,679	380	65,324			65,324
\$1,854,580	\$ 289,526	\$ 369	\$2,509,356	\$ 756,713	\$ (221,803)	\$2,944,286

**SCHEDULE OF SUPPORT SERVICES EXPENSES**

**Laureate ARC**

For the year ended June 30, 1997

	Residential					
	Checklist	County Club	Diplomat Way	Stevens	Narrow Street	Temp
<b>Administrative and General</b>						
Control office	\$ 28,356	\$ 28,356	\$ 28,356	\$ 28,356	\$ 28,356	\$ 28,356
Utilities	4,386	2,163	4,361	2,211	2,265	3,994
Salaries and benefits	-	-	-	-	-	-
Insurance	8,747	6,687	8,778	13,297	6,668	18,127
Office supplies	723	344	481	790	-	458
Travel and seminar	780	308	623	1,319	631	1,377
Telephones	1,682	1,346	1,665	1,451	963	1,688
Post and subscriptions	-	18	-	-	75	-
Training-services	269	384	238	208	204	348
Licenses	648	419	633	408	408	488
Postage	6	-	25	9	55	684
Professional fees	1,080	1,120	1,125	1,792	1,808	1,695
Rent fees	21,974	21,974	21,974	21,974	21,974	21,974
Other	47	-	-	-	-	-
	<u>59,528</u>	<u>54,354</u>	<u>58,971</u>	<u>62,949</u>	<u>55,950</u>	<u>61,228</u>
<b>Plant Operations and Maintenance</b>						
Contract - outside services	182	72	182	192	72	72
Maintenance - building and grounds	423	177	2,894	312	311	791
Maintenance - furniture and fixtures	2,283	824	1,217	688	1,088	1,612
Utilities	3,112	4,682	4,112	6,888	5,478	5,456
	<u>7,962</u>	<u>5,624</u>	<u>7,615</u>	<u>7,882</u>	<u>6,881</u>	<u>8,671</u>
<b>Costs Related to Capital Assets</b>						
Depreciation and amortization	3,166	4,793	3,822	13,312	413	3,868
Lease expense	19,800	8,680	19,200	-	18,200	8,380
	<u>24,966</u>	<u>13,473</u>	<u>21,222</u>	<u>13,312</u>	<u>18,613</u>	<u>12,248</u>
<b>Meals Expense</b>						
Food	80,999	9,243	35,119	12,728	9,989	11,906
Supplies	127	36	261	28	21	64
Contract - dietitian	1,208	960	1,838	1,180	1,027	715
	<u>82,334</u>	<u>10,239</u>	<u>37,218</u>	<u>13,836</u>	<u>11,037</u>	<u>12,685</u>
<b>Laundry and Linen</b>						
Supplies	-	-	58	56	70	108
Linen and holding	49	342	582	681	128	67
	<u>49</u>	<u>342</u>	<u>1,041</u>	<u>769</u>	<u>198</u>	<u>175</u>
<b>Housekeeping</b>						
Supplies	3,977	3,818	4,091	3,028	4,542	5,498
<b>Personal Client Needs</b>						
Clothing	698	2,700	1,177	664	1,634	1,676
Other	892	1,440	2,027	314	1,248	2,379
	<u>1,590</u>	<u>4,140</u>	<u>3,204</u>	<u>1,008</u>	<u>2,882</u>	<u>4,055</u>
<b>Total supporting program expenses</b>	<b>\$ 309,149</b>	<b>\$ 261,313</b>	<b>\$ 311,398</b>	<b>\$ 388,288</b>	<b>\$ 289,818</b>	<b>\$ 287,717</b>

Receipts	Supervised Apartments	Services		Total	Day Care Services	Grand Total
		Casual Office	Eliminations			
\$ 91,298	\$ 33,214	\$ -	\$ -	\$ 125,448	\$ 58,635	\$ 244,275
1,367	-	35	(35)	19,123	39,832	59,275
-	-	191,787	(191,787)	-	-	-
15,247	11,242	9,368	(9,368)	89,496	49,325	129,821
3,214	3,287	23,349	(23,349)	9,699	8,593	18,245
1,434	11,600	13,462	(13,462)	18,479	3,688	26,879
1,398	-	4,479	(4,208)	9,279	3,977	13,248
-	-	25	(25)	99	20	119
1,284	-	-	-	3,754	-	3,754
28	-	-	-	2,328	489	2,817
1,875	-	3,818	(3,818)	1,854	465	3,329
3,218	-	-	-	8,947	9,887	18,834
-	-	-	-	128,344	-	128,344
35	135	-	-	734	8,423	9,460
<u>78,934</u>	<u>56,897</u>	<u>244,534</u>	<u>(244,275)</u>	<u>468,455</u>	<u>178,786</u>	<u>648,241</u>
72	-	125	-	887	-	987
-	-	3,439	-	6,899	14,659	23,749
845	587	3,287	-	10,535	-	18,355
-	-	5,043	-	27,688	27,593	65,620
<u>918</u>	<u>587</u>	<u>9,828</u>	-	<u>35,329</u>	<u>44,582</u>	<u>99,911</u>
13,821	586	4,979	-	45,365	57,848	103,213
-	-	5,883	-	72,908	3,680	76,588
<u>13,821</u>	<u>586</u>	<u>13,879</u>	-	<u>118,263</u>	<u>61,448</u>	<u>179,711</u>
588	-	-	-	67,467	-	67,487
-	-	-	-	548	-	548
-	-	-	-	6,212	-	6,232
<u>588</u>	-	-	-	<u>74,247</u>	-	<u>74,247</u>
-	-	-	-	284	-	284
-	-	-	-	2,856	-	3,065
-	-	-	-	3,358	-	3,399
-	-	3,081	-	27,806	14,473	40,379
-	-	-	-	8,552	-	8,552
-	-	-	-	9,832	-	9,832
-	-	-	-	18,774	-	18,774
<u>\$ 93,867</u>	<u>\$ 48,248</u>	<u>\$ 268,521</u>	<u>\$ (244,275)</u>	<u>\$ 764,534</u>	<u>\$ 287,288</u>	<u>\$1,083,216</u>

**SPECIAL REPORT OF CERTIFIED PUBLIC ACCOUNTANTS**





Government Accountability Office

**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,  
Lafayette ARC,  
Thibodaux, Louisiana.

We have audited the financial statements of Lafayette ARC, (the Association), as of and for the year ended June 30, 1997, and have issued our report thereon dated August 15, 1997. 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.

*Bouguier Bennett, LLC*

Certified Public Accountants

Monroe, La.,  
August 15, 1997.



Hargrett-Nassett

## **COMMUNICATIONS WITH BOARD OF DIRECTORS**

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

In fulfilling our responsibility as Lafayette ARC auditors for the year ended June 30, 1997, we are required to communicate to the Board of Directors certain matters related to the conduct of our audit.

### **1) AUDITOR'S RESPONSIBILITY UNDER GENERALLY ACCEPTED AUDITING STANDARDS AND GOVERNMENT AUDITING STANDARDS**

Our audit was conducted 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 which require that we plan and perform the audit to obtain reasonable assurance about whether the statements are free of material misstatements.

As required, separate letters have been issued on internal control and compliance with laws and regulations.

### **2) SIGNIFICANT ACCOUNTING POLICIES**

Significant accounting policies are described in Note 1 to the financial statements. No new accounting policies were adopted nor required to be adopted for the year ended June 30, 1997.

### **3) MANAGEMENT JUDGEMENTS AND ACCOUNTING ESTIMATES**

The most significant estimates reflected in the financial statements relate to the collectibility of accounts receivable and the useful lives of property and equipment. Management has provided us with representations concerning these matters.

### **4) SIGNIFICANT AUDIT ADJUSTMENTS**

A contribution pledge received in 1997 was an unconditional promise to give and according to FASB 116 must be recognized in 1997. An audit adjustment was made for \$178,024 for the estimated present value of the pledge.

To the Board of Directors,  
Lafourche ABC,  
Page 2

This information is intended solely for the use of the Audit Committee, Board of Directors,  
management of Lafourche ABC and should not be used for any other purpose.

*Bourgeois Bennett, LLC.*

Certified Public Accountants.

Houma, La.,  
 August 15, 1997.