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LOUISIANA INDUSTRIES FOR THE DISABLED, INC.
Baton Rouge, Louisiana
FINANCIAL REPORT

June 30, 1997

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the auditors, or reviewed, 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 22 1998

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LOUISIANA INDUSTRIES FOR THE DISABLED, INC.
Baton Rouge, Louisiana

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Louisiana Industries for the Disabled, Inc.
Baton Rouge, Louisiana

We have audited the accompanying statements of financial position of LOUISIANA INDUSTRIES FOR THE DISABLED, INC. (a non-profit organization) as of June 30, 1997 and 1996, and the related statements of activities, 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 audit.

We conducted our audits in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States; and the provisions of Office of Management and Budget (OMB) Circular A-133, *Audit of Institutions of Higher Education and Other Nonprofit Institutions*. Those standards and OMB Circular A-133 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.

In our opinion, the financial statements referred to above present fairly, in all material aspects, the financial position of LOUISIANA INDUSTRIES FOR THE DISABLED, INC. at 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 reports dated July 23, 1997, on our consideration of the Organization's internal control structure and on its compliance with laws and regulations.

Faulk Winkler, LLC
Certified Public Accountants

Baton Rouge, Louisiana
July 23, 1997

LOUISIANA INDUSTRIES FOR THE DISABLED, INC.

Baton Rouge, Louisiana

STATEMENTS OF FINANCIAL POSITION

June 30, 1997 and 1996

ASSETS

	1997	1996
CURRENT ASSETS		
Cash and cash equivalents	\$ 228,604	\$ 182,612
Accounts receivable - net	235,289	231,313
Prepaid expenses	<u>10,892</u>	<u>18,953</u>
Total current assets	474,785	432,878
PROPERTY AND EQUIPMENT - net	<u>1,058,504</u>	<u>1,116,325</u>
Total assets	<u>\$ 1,533,289</u>	<u>\$ 1,549,203</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Current maturities of long term debt	\$ 8,178	\$ 6,908
Accounts payable	25,838	69,566
Accrued expenses	44,854	31,840
Notes payable	<u>-</u>	<u>16,488</u>
Total current liabilities	78,869	124,802
LONG TERM DEBT, net of current maturities	<u>73,982</u>	<u>81,623</u>
Total liabilities	152,851	206,425
NET ASSETS - UNRESTRICTED	<u>1,431,433</u>	<u>1,342,778</u>
Total liabilities and net assets	<u>\$ 1,533,289</u>	<u>\$ 1,549,203</u>

The accompanying notes to financial statements
are an integral part of this statement.

LOUISIANA INDUSTRIES FOR THE DISABLED, INC
Baton Rouge, Louisiana

STATEMENTS OF ACTIVITIES

For the years ended June 30, 1997 and 1996

	<u>1997</u>	<u>1996</u>
REVENUE AND SUPPORT		
Rehabilitation and evaluation	\$ 480,047	\$ 489,396
Service contracts	3,279,117	1,040,055
Grants	690,156	936,243
Other	<u>33,372</u>	<u>39,717</u>
Total revenue	<u>4,482,692</u>	<u>2,505,411</u>
EXPENSES		
Program services:		
Rehabilitation and evaluation	793,898	747,517
Service contracts	1,156,362	928,796
General and administrative	<u>356,133</u>	<u>238,740</u>
Total expenses	<u>2,306,393</u>	<u>1,915,053</u>
Change in net assets	86,310	636,372
NET ASSETS		
Beginning of year	<u>1,248,143</u>	<u>589,771</u>
End of year	<u>\$ 1,431,433</u>	<u>\$ 1,245,143</u>

The accompanying notes to financial statements
are an integral part of this statement.

LOUISIANA INDUSTRIES FOR THE DISABLED, INC.

Baton Rouge, Louisiana

STATEMENTS OF CASH FLOWS

For the years ended June 30, 1997 and 1996

	<u>1997</u>	<u>1996</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 86,310	\$ 636,372
Adjustments to reconcile change in net assets:		
Depreciation	83,669	62,645
Change in operating assets and liabilities:		
Accounts receivable	(24,072)	(51,855)
Prepaid expenses	65	1,342
Accounts payable	(45,794)	(19,721)
Accrued expenses	<u>15,011</u>	<u>4,539</u>
Net cash provided by operating activities	<u>115,218</u>	<u>634,073</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed asset acquisitions	<u>(15,848)</u>	<u>(793,332)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from debt and note payable	-	185,078
Principal payments of debt and note payable	<u>(13,296)</u>	<u>-</u>
Net cash provided (used) by financing activities	<u>(13,296)</u>	<u>185,078</u>
Net increase (decrease) in cash	35,992	(74,179)
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>192,612</u>	<u>246,791</u>
End of year	<u>\$ 228,604</u>	<u>\$ 182,612</u>

The accompanying notes to financial statements
are an integral part of this statement.

LOUISIANA INDUSTRIES FOR THE DISABLED, INC.
Baton Rouge, Louisiana

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and operations

Louisiana Industries for the Disabled, Inc. (LIFTD) is a non-profit corporation whose purpose is to enhance the life of the mentally and physically disabled, including, but not limited to the following:

- o Developing job skills,
- o Developing personal and work adjustment,
- o Providing, developing and promoting employment opportunity,
- o Promoting independent learning skills, and
- o Providing any other goods and services needed by the disabled to achieve the above goals.

Basis of presentation

The financial statements of LIFTD have been prepared on the accrual basis. The significant accounting policies are described below to enhance the usefulness of the financial statements.

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. 113, LIFTD is required to report information regarding their financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. LIFTD does not have any temporarily restricted or permanently restricted net assets at June 30, 1997 and 1996.

The statement of activities presents expenses of LIFTD operations functionally between program services, and general and administrative.

Estimates

The preparation of financial statements in conformity with general accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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 these estimates. Estimates are used primarily when accounting for the allowance for doubtful accounts and depreciation.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and cash equivalents

For purposes of the statement of cash flows, LIFED considers cash in operating bank accounts, and cash on hand as cash. Cash equivalents include certificates of deposit with original maturities of three months or less.

Accounts receivable

Accounts receivable represent fees for service contracts due from governmental units and agencies. The allowance for doubtful accounts was \$4,699 at June 30, 1997 and 1996.

Property, equipment and depreciation

Property and equipment are recorded at cost. Donated assets are recorded at their fair market values at the date of their gift. Depreciation is computed using the straight-line method over the estimated service lives of the assets.

Restricted support

LIFED received support from Louisiana agencies to expend on job development, and property and equipment acquisitions. When the program restriction is met, temporarily restricted net assets are reclassified to unrestricted net assets. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. Accordingly, since the restrictions of temporarily restricted support of \$608,156 and \$976,147 were met during the years ended June 30, 1997 and 1996, respectively, such support has been shown as unrestricted.

Revenue recognition

LIFED records service contracts revenue as services are rendered.

Vacation and sick leave

Vacation and sick leave are earned at varying rates from 8 to 15 hours per month depending on length of service. A maximum of three days of unused leave can be carried over at December 31. Accordingly, amounts related to such leave have been accrued at June 30, 1997 and 1996.

Income taxes

The Corporation is a non-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reclassification:

Certain amounts in the June 30, 1996, financial statements have been reclassified to conform with the June 30, 1993, financial statement presentation.

NOTE 2 - PROPERTY AND EQUIPMENT

Property and equipment, related service lives, and accumulated depreciation at June 30, 1997 and 1996, are as follows:

	Estimated Service Lives	1997	1996
Land	-	\$ 17,500	\$ 17,500
Building	10 - 30 years	1,093,299	1,093,299
Furniture and equipment	5 years	329,250	285,728
Leasehold improvements	5 years	23,993	23,353
Vehicles	3 - 5 years	188,059	183,507
Property and equipment		1,532,138	1,483,337
Less accumulated depreciation		(443,214)	(368,842)
		<u>\$ 1,088,924</u>	<u>\$ 1,114,495</u>

Depreciation expense was \$83,699 and \$82,605 for the years ended June 30, 1997 and 1996, respectively.

NOTE 3 - NOTE PAYABLE

In October 1993, LIFTD received \$32,975 from a non-profit organization. The terms of the agreement required non-interest bearing monthly payments of \$1,832. The note matured in March 1997.

NOTE 4 - LONG-TERM DEBT

At June 30, 1997, LIFTD had taken advances of \$81,632 on a non-revolving line of credit. The terms of the agreement require monthly payments of \$1,349, including interest at 8.62%, maturing May 2008. As of June 30, 1997, \$41,811 is available on the line of credit.

Maturities of long-term debt for each of the three years succeeding June 30, 1997, are as follows:

June 30,	Amount
1998	\$ 1,370
1999	1,314
2000	64,948
Total	<u>\$ 81,632</u>

NOTE 5 - ECONOMIC DEPENDENCY

During the years ended June 30, 1997 and 1996, LIFTD received a significant portion of its revenues from the State of Louisiana, as follows:

	<u>1997</u>	<u>1996</u>
Receivable, beginning of year	\$ 34,438	\$ 27,839
Revenues earned and invoiced	144,270	421,558
Collections	<u>(135,280)</u>	<u>(413,022)</u>
Receivable, end of year	<u>\$ 43,428</u>	<u>\$ 34,439</u>

NOTE 6 - RELATED PARTY

LIFTD incurred \$1,193 of accounting software support expenses during the year ended June 30, 1997. One of LIFTD's executive officers is employed by the accounting firm.

LIFTD incurred \$38,893 of architect expenses during the year ended June 30, 1996. One of the partners of the architectural firm is a LIFTD executive officer.

NOTE 7 - PENSION PLAN

LIFTD instituted a profit sharing money purchase pension plan during the year ended June 30, 1997. The Plan qualifies under Code Section 401(a) of the Internal Revenue Code. All employees of LIFTD are eligible. Employees are 100% vested in their contributions; employer contributions are vested as follows:

<u>Year</u>	<u>Percentage Vested</u>
1	20%
2	40%
3	60%
4	80%
5	100%

LIFTD funded \$17,832 during the year ended June 30, 1997.

NOTE 8 - SUPPLEMENTAL CASH FLOW INFORMATION

LIFTD paid interest of \$1,078 and \$604 for the years ended June 30, 1997 and 1996, respectively.

Special Independent Auditors' Reports

LOUISIANA INDUSTRIES FOR THE DISABLED, INC.
Baton Rouge, Louisiana

June 30, 1997



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

Board of Directors
Louisiana Industries for the Disabled, Inc.
Baton Rouge, Louisiana

We have audited the financial statements of **LOUISIANA INDUSTRIES FOR THE DISABLED, INC.** (a non-profit organization), as of and for the year ended June 30, 1997, and have issued our report thereon dated July 23, 1997.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States, and Office of Management and Budget Circular A-133, *Audits of Institutions of Higher Education and Other Nonprofit Institutions*. Those standards and OMB Circular A-133 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 **LOUISIANA INDUSTRIES FOR THE DISABLED, 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 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, projection 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 operation of policies and procedures may deteriorate.

In planning and performing our audit of the financial statements of **LOUISIANA INDUSTRIES FOR THE DISABLED, INC.** for the year ended June 30, 1997, 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.

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 management of the organization and the Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

Faulk & Shinkler, LLC
Certified Public Accountants

Baton Rouge, Louisiana
July 23, 1997



**INDEPENDENT AUDITORS' REPORT ON
THE INTERNAL CONTROL STRUCTURE
USED IN ADMINISTERING FEDERAL AWARDS**

Board of Directors
Louisiana Industries for the Disabled, Inc.
Baton Rouge, Louisiana

We have audited the financial statements of LOUISIANA INDUSTRIES FOR THE DISABLED, INC. (a non-profit organization) for the year ended June 30, 1997, and have issued our report thereon dated July 23, 1997. We have also audited LOUISIANA INDUSTRIES FOR THE DISABLED, INC.'s compliance with requirements applicable to major federal award programs and have issued our report thereon dated July 23, 1997.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Circular A-133, *Audit of Institutions of Higher Education and Other Nonprofit Institutions*. These standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and about whether LOUISIANA INDUSTRIES FOR THE DISABLED, INC. complied with laws and regulations, noncompliance with which would be material to a major federal award program.

In planning and performing our audit for the year ended June 30, 1997, we considered the internal control structure of LOUISIANA INDUSTRIES OF THE DISABLED, INC. in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements of LOUISIANA INDUSTRIES OF THE DISABLED, INC. and on its compliance with requirements applicable to a major program, and to report on the internal control structure in accordance with OMB Circular A-133. This report addresses our consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal award programs. We have addressed internal control structure policies and procedures relevant to our audit of the financial statements in a separate report dated July 23, 1997.

The management of LOUISIANA INDUSTRIES FOR THE DISABLED, 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, 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, and that federal award programs are managed in compliance with applicable laws and regulations. Because of inherent limitations in any internal control structure, errors, irregularities, or instances of noncompliance may nevertheless occur and not be detected. Also, projection 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 operation of policies and procedures may deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies and procedures used in administering federal award programs in the following categories:

Accounting controls:

- Revenue receipts
- Purchases/disbursements
- Payroll
- General ledger

General requirements:

- Political activity
- Civil rights
- Cash management
- Federal financial reports
- Allowable costs/cost principles
- Drug Free workplace Act
- Administrative requirements

Specific controls:

- Types of services allowed or not allowed
- Matching, level-of-effort and earmarking
- Claims for advances and reimbursements
- Amounts claimed to used for matching

For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and determined whether they have been placed in operation, and we assessed control risk.

During the year ended June 30, 1997, LOUISIANA INDUSTRIES FOR THE DISABLED, INC., expended 85 percent of its total federal awards under a major federal award program.

We performed tests of controls, as required by OMB Circular A-133, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements and amounts claimed or used for matching that are applicable to each of the organization's major federal award programs, which are identified in the accompanying Schedule of Federal Awards. Our procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure policies and procedures used in administering federal awards would not necessarily disclose all matters in the internal control structure that might constitute 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 noncompliance with laws and regulations that would be material in a federal award program 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 operations that we consider to be material weaknesses as defined above.

This report is intended for the information of management of the organization and the Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

Faust & Winkler, LLC
Certified Public Accountants

Baton Rouge, Louisiana
July 23, 1997



**INDEPENDENT AUDITORS' REPORT ON
COMPLIANCE WITH THE GENERAL REQUIREMENTS
APPLICABLE TO FEDERAL AWARD PROGRAMS**

Board of Directors
Louisiana Industries for the Disabled, Inc.
Baton Rouge, Louisiana

We have audited the financial statements of **LOUISIANA INDUSTRIES FOR THE DISABLED, INC.** (a non-profit organization) as of and for the year ended June 30, 1997, and have issued our report thereon dated July 23, 1997.

We have applied procedures to test the compliance of **LOUISIANA INDUSTRIES FOR THE DISABLED, INC.** with the following requirements applicable to each of its federal award programs, which are identified in the schedule of federal awards, for the year ended June 30, 1997:

- Political activity
- Civil rights
- Cash management
- Federal financial reports
- Allowable cost/expense principle
- Drug-free workplace
- Administration requirements

Our procedures were limited to the applicable procedures described in the Office of Management and Budget's *Compliance Supplement for Single Audits of Institutions of Higher Learning and Other Nonprofit Institutions*. Our procedures were substantially less in scope than as set forth, the objective of which is the expression of an opinion on **LOUISIANA INDUSTRIES FOR THE DISABLED, INC.**'s compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion. However, the results of our procedures disclosed immaterial instances of noncompliance with those requirements which are described in the Schedule of Findings and Questioned Costs.

With respect to the items tested, the results of these procedures disclosed no material instances of noncompliance with the requirements listed in the second paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that **LOUISIANA INDUSTRIES FOR THE DISABLED, INC.** had not complied, in all material respects, with those requirements.

This report is intended for the information of management of the organization and the Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

Faulk & Whittier, c/c
Certified Public Accountants

Baton Rouge, Louisiana
July 23, 1997



**INDEPENDENT AUDITORS' REPORT ON
COMPLIANCE WITH SPECIFIC REQUIREMENTS
APPLICABLE TO MAJOR FEDERAL AWARD PROGRAMS**

Board of Directors
Louisiana Industries for the Disabled, Inc.
Baton Rouge, Louisiana

We have audited the financial statements of LOUISIANA INDUSTRIES FOR THE DISABLED, INC. (a non-profit organization) as of and for the year ended June 30, 1997, and have issued our report thereon dated July 23, 1997.

We have also audited the compliance of LOUISIANA INDUSTRIES FOR THE DISABLED, INC. with the requirements governing types of services allowed or not allowed, matching level of effort, or earmarking, financial reports, claims for advances and reimbursements, and amounts claimed or used for matching that are applicable to its major federal award program, which is identified in the accompanying Schedule of Federal Awards, for the year ended June 30, 1997. The management of LOUISIANA INDUSTRIES FOR THE DISABLED, INC. is responsible for LOUISIANA INDUSTRIES FOR THE DISABLED, INC.'s compliance with these requirements. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit of compliance with these requirements in accordance with generally accepted auditing standards; *Governance Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Circular A-133, *Audit of Institutions of Higher Education and Other Nonprofit Institutions*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to in the second paragraph occurred. An audit includes examining, on a test basis, evidence about LOUISIANA INDUSTRIES FOR THE DISABLED, INC.'s compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed immaterial instances of noncompliance with the requirements referred to above, which are described in the accompanying Schedule of Findings and Questioned costs. We considered these instances of noncompliance in forming our opinion on compliance, which is expressed in the following paragraph.

In our opinion, LOUISIANA INDUSTRIES FOR THE DISABLED, INC. complied, in all material respects, with the specific requirements governing types of services allowed or not allowed matching level of effort, or earmarking, financial reports, claims for advances and reimbursements and amounts claimed or used for matching that are applicable to its major federal award program for the year ended June 30, 1987.

This report is intended for the information of management of the organization, and the Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

Faulk & Winkler, LLC
Certified Public Accountants

Baton Rouge, Louisiana
July 23, 1987



INDEPENDENT AUDITORS' REPORT ON
COMPLIANCE WITH SPECIFIC REQUIREMENTS APPLICABLE TO
NON-MAJOR FEDERAL AWARD PROGRAM TRANSACTIONS

Board of Directors
Louisiana Industries for the Disabled, Inc.
Baton Rouge, Louisiana

We have audited the financial statements of LOUISIANA INDUSTRIES FOR THE DISABLED, INC. (a non-profit organization) as of and for the year ended June 30, 1997, and have issued our report thereon dated July 28, 1997.

In connection with our audit of the financial statements of LOUISIANA INDUSTRIES FOR THE DISABLED, INC. (a non-profit organization) and with our consideration of LOUISIANA INDUSTRIES FOR THE DISABLED, INC.'s internal control structure used to administer federal award programs, as required by OFFICE of Management and Budget Circular A-133, *Audits of Institutions of Higher Education and Other Nonprofit Institutions*, we selected certain transactions applicable to the non-major federal financial award program for the year ended June 30, 1997. As required by OMB Circular A-133, we have performed auditing procedures to test compliance with requirements governing types of services allowed or unallowed, reporting requirements, and claims for advancements and reimbursements, that are applicable to these transactions. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on LOUISIANA INDUSTRIES FOR THE DISABLED, INC.'s compliance with these requirements. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the LOUISIANA INDUSTRIES FOR THE DISABLED, INC. had not complied, in all material respects, with these requirements.

This report is intended for the information of management of the organization, and the Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

Faulk & Winkler, LLC
Certified Public Accountants

Baton Rouge, Louisiana
July 23, 1997



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

Board of Directors
Louisiana Industries for the Disabled, Inc.
Baton Rouge, Louisiana

We have audited the financial statements of LOUISIANA INDUSTRIES FOR THE DISABLED, INC. (a nonprofit organization) as of and for the year ended June 30, 1997, and have issued our report thereon dated July 23, 1997.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Circular A-133, *Standards of Interactions of Higher Education and Other Nonprofit Institutions*. These standards and OMB Circular A-133 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 LOUISIANA INDUSTRIES FOR THE DISABLED, INC. is the responsibility of the organization's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the organization'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 management of the organization, and the Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

Faulk Winkler, LLC
Certified Public Accountants

Baton Rouge, Louisiana
July 23, 1997



**INDEPENDENT AUDITORS' REPORT ON
SCHEDULE OF FEDERAL AWARDS**

Board of Directors
Louisiana Industries for the Disabled, Inc.
Baton Rouge, Louisiana

We have audited the financial statements of LOUISIANA INDUSTRIES FOR THE DISABLED, INC., a non-profit organization, as of and for the year ended June 30, 1997, and have issued our report thereon dated July 23, 1997. 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 audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget Circular A-133, *Audit of Institutions of Higher Education and Other Nonprofit Institutions*. Those standards and OMB Circular A-133 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.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of LOUISIANA INDUSTRIES FOR THE DISABLED, INC. taken as a whole. The accompanying Schedule of Federal Awards is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information in that schedule 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.

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Baton Rouge, Louisiana
July 23, 1997

LOUISIANA INDUSTRIES FOR THE DISABLED, INC.

Baton Rouge, Louisiana

SCHEDULE OF FEDERAL AWARDS

For the year ended June 30, 1987

CFA Number	Direct Award	Business July 1	Federal Receipts	Grants/Matching Commitment	Federal Expenditure	Non-federal Expenditure	Balance June 30
Construction (Non-Federal/Program) under Louisiana D Direct)							
Non-Major Programs							
80-008 1	-	\$	46 \$	45 \$	-	\$	\$
Department of Agriculture/Louisiana Department of Urban Communities of Food and Nutrition Services/Child and Adult Care Food Programs							
-	15,000	-	11,871	-	11,871	-	-
Department of Housing and Urban Development/City of Baton Rouge/Parade of New River/Recreation/Community Shelter							
-	54,319	-	54,319	174,118	54,319	111,118	-
Department of Social Services/Center of Louisiana Department of Health and Hospital/DOH/Charal Services Contract							
14-1264	198,159	30,782	80,887	18,031	81,823	19,663	-
Department of Education/Louisiana Department of Social Services/Louisiana Rehabilitation Services Bureau/Health Support Reevaluation							
		30,008	149,734	181,971	129,496	184,971	-
Total non-major programs							
91-044	298,799	87,093	211,034	81,862	315,349	84,204	24,892
Major Program							
Department of Health and Human Services/ Louisiana Department of Social Services/ Eye Health Branch/ Public Office of Family Services/Adult Families with Dependent Children (AFDC)/Project Independence/ Other Federal Assistance							
		87,093 \$	281,119 \$	154,819 \$	343,838 \$	278,173 \$	24,892 \$
Total Federal Financial Assistance							

LOUISIANA INDUSTRIES OF THE DISABLED, INC.
Baton Rouge, Louisiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended June 30, 1987

Program

Findings/Noncompliance

- (1) Project Independence/
General Requirements-
"Allowable Costs/Cost
Principles"

The Office of State Inspector General of the State of Louisiana issued a report dated July 10, 1990, titled "Computer Overpayments" (File No. 1-97-0041) that concerns LIPTD.

The report addresses transactions involving Mr. Mel Myers (former Executive Director of LIPTD) and a corporation through which computer equipment and related software were provided to LIPTD through leasing arrangements.

The report questions the legality of the amounts charged by the lessor of the computer equipment and software. Under OAG Circular A-122, reimbursements of lease costs for related party transactions are limited to the acquisition cost of the equipment. The State Inspector General's office alleges leasing costs exceeded the acquisition costs by \$8,450. Secondly, the State Inspector General cited LIPTD for the use of unlicensed software through leasing transactions, to fulfill aspects of its programs.

Furthermore, the report does not implicate willful participation by LIPTD in the design and execution of such transactions. The ultimate resolution of this claim is unresolved at this time.



INDEPENDENT AUDITORS' REPORT ON
SUPPLEMENTARY AND STATISTICAL INFORMATION

Board of Directors
Louisiana Industries for the Disabled, Inc.
Baton Rouge, Louisiana

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The Schedule of Functional Expenses for the year ended June 30, 1997, 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 stated in all material respects in relation to the basic financial statements taken as a whole.

Faulk & Winkler, LLC
Certified Public Accountants

Baton Rouge, Louisiana
July 23, 1997

LOUISIANA INDUSTRIES FOR THE DISABLED, INC.

Baton Rouge, Louisiana

SCHEDULE OF FUNCTIONAL EXPENSES

For the year ended June 30, 1997

	Rehabilitation	Service Contracts	General and Administrative	Totals	
				1997	1996
EXPENSES					
Salaries	\$ 487,864	\$ 677,182	\$ 143,887	\$ 1,288,072	\$ 1,306,275
Payroll taxes	38,772	48,140	11,448	97,278	83,176
Equipment	4,297	4,822	86	9,206	643
Office	-	-	799	799	1,480
Subscriptions and memberships	1,671	179	1,114	2,957	3,064
Repairs and maintenance	5,399	18,074	5,848	29,312	5,041
Toward and entertainment	2,993	-	412	8,008	6,084
Training	5,677	2,228	4,858	12,874	8,469
Office supplies	16,003	5,384	10,223	31,563	22,840
Professional	9,673	20,828	24,110	54,419	35,817
Automobile	10,264	19,694	20,487	49,345	36,714
Rent and leases	49,020	2,942	7,136	59,787	42,875
Rehabilitation supplies and contract	34,948	-	-	34,948	50,986
Depreciation	23,887	39,080	8,892	81,699	62,403
Utilities and telephone	23,400	7,154	7,154	41,624	63,819
Insurance	35,845	110,382	21,872	168,100	152,896
Facilities supplies and contracts	68	195,793	-	192,762	181,266
Licenses/permits/Tags	44	-	279	418	1773
Postage & freight	10,122	3,863	3,863	17,832	-
Entertainment - matching	21,657	-	81,876	105,463	38,452
Other	-	-	-	-	-
Total expenses	\$ 991,888	\$ 1,158,262	\$ 356,131	\$ 2,206,282	\$ 1,988,943