

9704

10  
DO NOT WRITE ON  
THIS SURVEY  
EXCEPT WITH BLUE  
INK AND FLUOR  
BLACK OR PINK

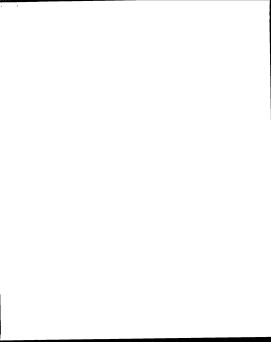
**UNITED CEREBRAL PALSY  
OF GREATER NEW ORLEANS, INC.**

**FINANCIAL STATEMENTS AND INDEPENDENT  
AUDITORS' 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 audited, 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.

Printed Date SEP 24 1997



## TABLE OF CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT ON BASIC FINANCIAL STATEMENTS AND ACCOMPANYING SCHEDULES .....	1
FINANCIAL STATEMENTS:	
Statements of Financial Position .....	2
Statement of Activities, Year Ended June 30, 1997 .....	3
Statement of Activities, Year Ended June 30, 1996 .....	4
Statement of Functional Expenses, Year Ended June 30, 1997 .....	5
Statement of Functional Expenses, Year Ended June 30, 1996 .....	6
Statements of Cash Flows .....	7
Notes to Financial Statements .....	8
ACCOMPANYING SCHEDULES:	
Schedule of Income and Expenses by Program .....	14
INDEPENDENT AUDITORS' REPORT ON THE INTERNAL CONTROL STRUCTURE BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS .....	19
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS .....	17



**INDEPENDENT AUDITORS' REPORT ON  
BASIC FINANCIAL STATEMENTS AND  
ACCOMPANYING SCHEDULES**

RECEIVED  
LEGIER & MATRONE  
BY *[Signature]*

To the Board of Directors of  
United Cerebral Palsy of  
Greater New Orleans, Inc.  
New Orleans, Louisiana

We have audited the accompanying statements of financial position of United Cerebral Palsy of Greater New Orleans, Inc. (UCP) 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 UCP's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. 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 accounts 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, UCP's financial position 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 reports dated August 12, 1997, on our consideration of UCP's internal control structure, and on UCP's compliance with laws and regulations.

Our audits were made for the purpose of forming an opinion on the basic financial statements of UCP taken as a whole. The accompanying schedule of income and expenses by program for the year ended June 30, 1997, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information in this schedule has been subjected to the procedures applied in the audits 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.

*Legier & Matrone*

August 12, 1997

**UNITED-CENTRAL PARLY OF GREATER NEW ORLEANS, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 1997 AND 1996**

	1997	1996
<b>ASSETS</b>		
Cash and cash equivalents	\$ 208,640	\$ 158,277
Contract fees and grants receivable, less allowance for uncollectibles of \$6,215 and \$4,969 in 1997 and 1996, respectively	173,283	124,178
Certificates of deposit	74,429	59,295
Equipment and leasehold improvements, less accumulated depreciation and amortization	128,640	148,246
Prepaid pension costs	77,389	72,953
Other assets	<u>13,795</u>	<u>66,488</u>
Total assets	<u>\$ 796,166</u>	<u>\$ 630,637</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 58,697	\$ 23,347
Accrued payroll	32,428	16,130
Accrued employee benefits	30,822	23,587
Notes payable	<u>30,392</u>	<u>25,236</u>
Total liabilities	<u>152,339</u>	<u>88,299</u>
<b>Net assets:</b>		
Unrestricted	452,530	546,189
Temporarily restricted	<u>8,829</u>	<u>7,188</u>
Total net assets	<u>461,359</u>	<u>553,377</u>
Total liabilities and net assets	<u>\$ 796,166</u>	<u>\$ 630,637</u>

The accompanying notes are an integral part of these financial statements.

**UNITED CEREAL PALSY OF GREATER NEW ORLEANS, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 1997**

	Unrestricted	Temporarily Restricted	Total
<b>PUBLIC SUPPORT AND REVENUE</b>			
Public support:			
Allocation from United Way		\$ 370,098	\$ 370,098
Designations from United Way	\$ 19,365		19,365
Contributions - corporate sponsors	21,594		21,594
Contributions - general public	31,079	2,336	33,415
Contributions in-kind	55,077		55,077
Special events	47,078		47,078
Total public support	<u>174,061</u>	<u>372,434</u>	<u>546,495</u>
Revenue:			
Concessions fees and grants	497,297		497,297
Program service fees	1,337,518		1,337,518
Investment income	7,745		7,745
Sales to public	216,032		216,032
Other income	2,538		2,538
Total revenue	<u>2,061,130</u>		<u>2,061,130</u>
Net assets released from restrictions:			
Satisfaction of program restrictions	371,792	(371,792)	
Total support and revenue	<u>2,692,837</u>	<u>1,642</u>	<u>2,694,479</u>
<b>EXPENSES</b>			
Program services:			
Adult Program	766,707		766,707
Children's Program	412,880		412,880
Sports Program	11,760		11,760
Consumer Residential Services	911,865		911,865
Total program services	<u>2,103,212</u>		<u>2,103,212</u>
Supporting services:			
Management and general	259,044		259,044
Fund raising	80,194		80,194
Total supporting services	<u>339,238</u>		<u>339,238</u>
Total expenses	<u>2,442,450</u>		<u>2,442,450</u>
<b>CHANGE IN NET ASSETS</b>	144,411	1,642	146,053
Net assets, beginning of period	508,109	7,188	515,297
Net assets, end of period	<u>\$ 652,520</u>	<u>\$ 8,830</u>	<u>\$ 661,350</u>

The accompanying notes are an integral part of these financial statements.

**UNITED CEREBRAL PALSY OF GREATER NEW ORLEANS, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 1996**

	Unrestricted	Temporarily Restricted	Total
<b>PUBLIC SUPPORT AND REVENUE</b>			
<b>Public Support:</b>			
Allocation from United Way		\$ 368,276	\$ 368,276
Designations from United Way	\$ 19,421		19,421
Contributions - corporate sponsors	25,439		25,439
Contributions - general public	17,134	4,324	21,458
Contributions in-kind	50,296		50,296
Special events	62,938		62,938
Total public support	<u>175,248</u>	<u>472,600</u>	<u>647,848</u>
<b>Revenue:</b>			
Government fees and grants	514,298		514,298
Program service fees	1,099,673		1,099,673
Investment income	3,899		3,899
Sales to public	194,149		194,149
Other income	3,412		3,412
Total revenue	<u>1,804,429</u>		<u>1,804,429</u>
Net assets released from restrictions:			
Satisfaction of program restrictions	972,793	(332,760)	
Total support and revenue	<u>2,352,465</u>	<u>7</u>	<u>2,352,472</u>
<b>EXPENSES</b>			
<b>Program services:</b>			
Adult Program	825,323		825,323
Children's Program	411,628		411,628
Sports Program	18,791		18,791
Consumer/Residential Services	711,983		711,983
Total program services	<u>1,967,645</u>		<u>1,967,645</u>
<b>Supporting services:</b>			
Management and general	195,179		195,179
Fund raising	161,323		161,323
Total supporting services	<u>354,499</u>		<u>354,499</u>
Total expenses	<u>2,322,144</u>		<u>2,322,144</u>
Change in net assets before cumulative effect of a change in accounting principle	36,321	7	36,328
Cumulative effect on prior years of accounting change	(4,864)	4,064	
<b>CHANGE IN NET ASSETS</b>	<u>36,257</u>	<u>4,071</u>	<u>36,328</u>
Net assets, beginning of period	481,852	3,117	484,969
Net assets, end of period	<u>\$ 508,109</u>	<u>\$ 7,188</u>	<u>\$ 515,297</u>

*The accompanying notes are an integral part of these financial statements.*

**UNITED CREDIT PALSY OF GREATER NEW ORLEANS, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**

YEAR ENDED JUNE 30, 1997

	Program Services				Supporting Services			Total
	Adult Program	Children's Program	Spans Program	Consumer Residential Services	Management and General	Food Building		
Salaries and employee benefits	\$ 538,287	\$ 203,869	\$ 7,124	\$ 858,188	\$ 173,758	\$ 21,680	\$ 1,862,186	
Contracted services and materials		46,260				14,869	64,229	
Professional fees	928	42,297		5,777	12,498		64,500	
Supplies		3,204					5,594	
Telephone	74,314	7,293	887	9,149	12,899	8,823	102,365	
Postage and shipping	4,876	2,859	274	4,137	3,374		14,630	
Occupancy	781	2,257	180	703	2,332		6,183	
Equipment repairs and maintenance	43,153	69,561		17,266	32,322		152,302	
Printing and publications	1,349	2,784		1,265	1,020		6,438	
Traavel and transportation	3,290	2,951	2,960	3,868	8,405		20,535	
Meatings and conferences	62,271	4,215		5,269	7,998		79,168	
Bad debt expense	3,891	2,482	(1,273)	663	12,894		18,278	
Membership dues & national sharing	9,293	1,862		2,764	756	31,888	43,899	
Miscellaneous expense	919	114					25,191	
Depreciation and amortization	4,362	8,932		342	3,979		17,133	
Total expenses	\$ 59,779	6,870	1,787	3,292	23,443		94,683	
	<b>\$ 786,207</b>	<b>\$ 412,890</b>	<b>\$ 11,200</b>	<b>\$ 911,865</b>	<b>\$ 219,899</b>	<b>\$ 80,120</b>	<b>\$ 2,467,426</b>	



**UNITED CEREAL PALMY OF GREATER NEW ORLEANS, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**

YEAR ENDED JUNE 30, 1995

	Program Services				Supporting Services			Total
	Adult Program	Children's Program	Sports Program	Consumer Recreational Services	Managerial and General	Food/Banking		
Salaries and employee benefits	\$ 624,051	\$ 380,693	\$ 7,989	\$ 668,124	\$ 151,666	\$ 76,646	\$ 1,733,429	
Contractual services and materials		40,096				32,897	71,769	
Professional fee	634	51,327	12	11,261	6,941	20	70,279	
Supplies	39,798	9,586	262	6,475	5,055	10,681	80,437	
Telephone	3,092	3,559		1,342	3,043	1,132	10,962	
Postage and shipping	678	1,314	85	370	1,275	1,124	5,418	
Occupancy	42,827	19,050		16,310	14,948	7,682	131,207	
Equipment repair and maintenance	1,722	1,614		1,985	742	378	6,202	
Printing and publications	70	396		190	54		610	
Travel and transportation	47,842	1,879		2,485	1,895	965	52,877	
Meetings and conferences	2,453	1,858	6,669	2,348	8,652	488	25,279	
Bad debt expense	1,685	14,722		(5,164)			13,243	
Membership dues & national sharing	124	28		942	245	41,548	43,999	
Miscellaneous expense	4,982	2,213		942	885	3,100	11,977	
Depreciation and amortization	32,732	5,128	1,793	2,714	1,328		43,695	
<b>Total expense</b>	<b>\$ 825,532</b>	<b>\$ 481,628</b>	<b>\$ 18,731</b>	<b>\$ 711,907</b>	<b>\$ 175,129</b>	<b>\$ 116,129</b>	<b>\$ 2,223,144</b>	

**UNITED CEREBRAL PALSY OF GREATER NEW ORLEANS, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 1997 AND 1996**

	1997	1996
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 148,853	\$ 38,375
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	54,653	45,000
Bad debt expense	13,850	13,283
Loss (gain) on disposition of assets	(340)	800
Non-cash income	(3,815)	
Donated assets	(5,658)	(27,994)
Changes in assets and liabilities:		
Contract fees and grants receivable	(51,584)	107,699
Prepaid pension costs	(4,435)	(26,779)
Other assets	6,522	376
Accounts payable	31,699	(39,040)
Accrued payroll	16,283	6,347
Accrued employee benefits	8,335	1,636
Net cash provided by operating activities	<u>201,582</u>	<u>112,632</u>
<b>Cash flows from investing activities:</b>		
Maturity of certificate of deposit		13,400
Purchase of certificate of deposit	(13,700)	(93,934)
Proceeds from sale of equipment	200	150
Purchase of equipment	(21,495)	(28,796)
Net cash used in investing activities	<u>(24,695)</u>	<u>(99,180)</u>
<b>Cash flows from financing activities:</b>		
Payments on notes payable	(6,904)	(11,241)
Net increase in cash and cash equivalents	168,903	17,179
Cash and cash equivalents, beginning of year	<u>138,257</u>	<u>121,059</u>
Cash and cash equivalents, end of year	<u>\$ 307,160</u>	<u>\$ 138,238</u>
<b>Supplemental Disclosures:</b>		
Interest paid	<u>\$ 3,105</u>	<u>\$ 2,820</u>

The accompanying notes are an integral part of these financial statements.

UNITED CEREBRAL PALSY OF GREATER NEW ORLEANS, INC.  
NOTES TO FINANCIAL STATEMENTS

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

Founded in 1956, United Cerebral Palsy of Greater New Orleans, Inc. ("UCP") is a nonprofit organization providing programs and services to improve the quality of life for people with cerebral palsy and other disabilities, and also for their families, in several southern Louisiana parishes. UCP provides pediatric out-patient treatment, training in athletic development, job placement and support for adults with disabilities, and personal/caregiver services in the home.

**Basis of Presentation**

The accompanying financial statements have been prepared on the accrual basis of accounting.

**Change in Accounting Principles**

UCP adopted Statement of Financial Accounting Standards (SFAS) No. 116, *Accounting for Contributions Received and Contributions Made*, in fiscal 1996. In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. As permitted by SFAS 116, UCP has recognized the cumulative effect of the provisions of this new Statement in its 1996 Statement of Activities. The adjustment of \$4,354 from unrestricted to temporarily restricted net assets represents the reclassification of restricted funds that, in prior years, had been reported in the unrestricted fund. This reclassification had no effect on UCP's total net assets.

In fiscal 1996, UCP also adopted Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, UCP is required to report information regarding its financial position and activities according to three classes of net assets, as applicable: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. See Note 2 for a description of restrictions on UCP's net assets.

**Support and Revenue**

Contributions are generally recorded only upon receipt, unless a pledge of contribution has been received and confirmed. All contributions are considered to be available for unrestricted use unless restricted specifically by the donor.

**Donated Services**

A number of physicians have made significant contributions of their time, primarily for the Children's program's clinical services. The value of this contributed time and the corresponding expenses for the years ended June 30, 1997 and 1996, are \$48,360 and \$48,886, respectively, and are reflected in these financial statements as contributions in-kind and contributed services and materials. Clinic appointment schedules and average physician rates are used in valuing and recording these donated services.

**UNITED CEREAL PALMY OF GREATER NEW ORLEANS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**Donated Property and Equipment**

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Each donation is reported as unrestricted support, unless the donor has restricted the donated asset to a specific purpose or for use for a specified period of time. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as temporarily restricted support.

About donor stipulations regarding how long these donated assets must be maintained, UCP reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. UCP reclassifies temporarily restricted net assets to unrestricted net assets at that time. If a time restriction has been stipulated by the donor, the expiration of this restriction is reported as the related asset is depreciated.

**Allocation of Functional Expenses**

Expenses are summarized on a functional basis. Salaries and related payroll expenses are distributed based upon the time spent for each function. Distribution of all other expenses is based upon management's estimates of the usage applicable to conducting various functional activities.

**Equipment and Leasehold Improvements**

Equipment and leasehold improvements are recorded at cost. UCP capitalizes all expenditures for equipment in excess of \$400; the fair value of donated assets is similarly capitalized. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets (three to ten years). Leasehold improvements are amortized over the life of the lease.

**Cash and Cash Equivalents**

For the purposes of the statement of cash flows, UCP considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

**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 amount of 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. UCP's estimates include those regarding the fair value of donations received, the allowance for uncollectible receivables, and pension costs.

UNITED CEREAL FALSY OF GREATER NEW ORLEANS, INC.  
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

**Concentration**

UCP's financial instruments that are exposed to concentrations of credit risk consist primarily of cash on deposit at financial institutions. UCP places its financial instruments with high credit quality banks in the Greater New Orleans area. Accounts at each financial institution are insured by the Federal Deposit Insurance Corporation up to \$100,000. Amounts on deposit in excess of insured limits were \$193,648 and \$25,786 at June 30, 1997 and 1996, respectively.

A significant portion of UCP's revenue and receivable relate to government grants. Grants require the fulfillment of certain conditions as set forth in the grant instruments. UCP, by accepting the grants and their terms, has agreed to the conditions of the grants. UCP intends to fulfill the conditions of all grants, recognizing that failure to fulfill the conditions could result in the return of the funds to grantors.

**Income Taxes**

UCP is exempt from federal income taxes under Section 501 (c)(3) of the Internal Revenue Code and from state income taxes under Section 121 (5) of Title 47 of the Louisiana Revised Statutes of 1998; it is not a private foundation.

**Reclassification**

Certain amounts in the 1996 financial statements have been reclassified in order to conform to the classifications adopted for reporting in 1997.

NOTE 2 - RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets were available for the following purposes at June 30:

	1997	1996
Athletic development	\$ 4,996	\$ 3,989
Dixie Library purchases		15
Sports program equipment	1,804	4,264
	<u>\$8,800</u>	<u>\$8,188</u>

**UNITED CENTRAL FALSTY OF GREATER NEW ORLEANS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 3 - EQUIPMENT AND LEASEHOLD IMPROVEMENTS**

At June 30, 1997 and 1996, equipment and leasehold improvements were comprised of the following:

	1997	1996
Transportation equipment	\$188,725	\$165,985
Office furniture and equipment	198,868	172,563
Leasehold improvements	<u>15,000</u>	<u>17,016</u>
	402,593	355,564
Less: Accumulated depreciation and amortization	<u>(241,153)</u>	<u>(202,323)</u>
	<u>\$161,440</u>	<u>\$153,241</u>

**NOTE 4 - LEASES**

UCF has two operating leases for the rental of office and workshop space. Minimum annual lease commitments under the non-cancelable operating leases as of June 30, 1997 were:

1998	\$78,200
1999	78,200
2000	68,200

Rent expense was \$83,283 and \$87,515 for the years ended June 30, 1997 and 1996, respectively.

**NOTE 5 - PENSION PLAN**

UCF has a defined benefit pension plan covering substantially all employees that have reached twenty-one years of age and one year of service. Assets of the plan are held in a trust fund managed by an insurance company, which is comprised of investments in equity, fixed income and money market securities. The plan is noncontributory and provides pension benefits that are based on employees' credited service and compensation during the final years of employment. Additionally, the plan's benefit formula contains a provision for limited annual cost of living adjustments for retirees.

**UNITED CEREAL PALSY OF GREATER NEW ORLEANS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 5 - PENSION PLAN (cont'd)**

The following tables set forth the financial status of the plan at June 30, 1997 and 1996:

	1997	1996
Accumulated benefit obligations:		
Vested	\$351,890	\$307,485
Nonvested	20,349	10,129
	<u>\$372,239</u>	<u>\$317,614</u>
Plan assets at fair value:	\$830,120	\$642,853
Projected benefit obligation	341,222	406,038
Plan assets in excess of projected benefit obligation	488,898	236,815
Unrecognized net asset from transition	(79,890)	(53,211)
Unrecognized gain	(243,081)	(337,602)
Unrecognized prior service costs	61,852	86,261
Prepaid pension cost	<u>\$ 72,388</u>	<u>\$ 72,032</u>
Net pension expense included the following components:		
Service costs	\$ 80,208	\$ 89,554
Interest costs	39,737	33,332
Actual return on plan assets	(186,609)	(181,657)
Net amortizations and deferral	111,926	72,621
Net pension expense	<u>\$ 65,262</u>	<u>\$ 34,850</u>

Assumptions used in the accounting for net pension expense were:

Discount rate	7.5%	7.5%
Rate of increase in compensation levels	6.0%	6.0%
Long-term rate of return on assets	8.0%	7.5%

In July, 1997, UCP's Board of Directors approved the discontinuation of its defined benefit pension plan. An effective date of termination is to be made upon the Board's decision regarding a replacement plan.

**NOTE 6 - NATIONAL SUPPORT**

UCP receives various support from its national organization. In turn, a portion of UCP's public support is paid to the national organization for purposes of furthering the organization's mission. Amounts paid to the national organization for the years ended June 30, 1997 and 1996 were \$33,588 and \$41,548, respectively.

UNITED CEREBRAL PALSY OF GREATER NEW ORLEANS, INC.  
NOTES TO FINANCIAL STATEMENTS

**NOTE 7 - NOTES PAYABLE**

As of June 30, 1997, UCP had a note payable to a local bank, due in monthly installments. The note bears interest at 8.625%, matures in April, 2000, and is collateralized by a vehicle with a net book value of \$17,886.

Maturities of UCP's note payable are as follows:

Year Ended June 30	
1998	\$ 6,629
1999	7,225
2000	8,428
	<u>\$22,282</u>

UCP has a letter of credit from a local bank in order to obtain matching funds for the purchase of a vehicle in conjunction with a federal pass-through grant from a state agency. This letter of credit for \$13,200 as June 30, 1997, is collateralized by a certificate of deposit in the same amount.

**NOTE 8 - THIRD-PARTY REIMBURSEMENTS**

UCP's Consumer Residential Services program is entirely funded through a third party reimbursement arrangement under the MH/DD (Mentally Retarded/Developmentally Disabled) Waiver Program. This program is a Medicaid Home and Community Based Services Waiver providing alternative services instead of institutional care to persons who are mentally retarded or have other developmental disabilities. In addition, UCP receives a portion of funding for the Children's and Adult programs from Medicaid reimbursement.

UCP is reimbursed at pre-approval rates for each unit of service provided to consumers. Funds received are included in program service fees. Medicaid accounts for approximately 43% and 40% of UCP's total support and revenue for fiscal 1997 and 1996, respectively. In addition, approximately 43% and 43% of UCP's net contract fees and grants receivable at June 30, 1997 and 1996, respectively, are comprised of Medicaid receivables.



**UNITED CHEMICAL PALST OF GREATER NEW ORLEANS, INC.**  
**SCHEDULE OF INCOME AND EXPENSES BY PROGRAM**  
**YEAR ENDING JUNE 30, 1997**

	Program Services				Supporting Services		Total
	Adult Program	Children's Program	Sparks Program	Consumer Residential Services	Fuel, Building and Management and Control	Administrative Services Restricted	
<b>Revenue:</b>							
Allocations from United Way	\$ 58,880	\$ 277,574	\$ 3,644		\$ 19,345		\$ 379,059
Donations from United Way				\$ 523			19,366
Government fees and grants	384,384	172,459	2,715		76,049	2,717	497,297
Interest generated self-support	281	74,449	664	1,888,917	643		1,892,322
Client generated self-support	427,832	36,584			9,077		1,254,449
Other Income							9,817
Support services allocated revenue		91,267	13,884	38,426	(166,767)		
		842,253	24,207	1,127,876	267	2,317	2,698,479
<b>Total revenue</b>	911,277	842,253	24,207	1,127,876	267	2,317	2,698,479
<b>Expenses:</b>							
Total compensation	518,267	202,869	7,134	656,188	199,498		1,492,165
Overseignty and related expenses	44,262	72,285		38,681	24,442		139,680
Travel and meetings	65,466	6,637	(1,962)	5,923	14,492		91,056
Board generated self-support		48,280			24,692	699	73,742
Other direct program expenses	88,949	74,037	4,131	23,979	71,080	13	267,248
Allocation of support services	111,528	188,534	6,789	111,328	(395,199)		
	869,532	532,962	18,062	8,813,797	45,147	769	3,993,914
Total expenses before self-support	81,774	29,269	8,815	110,879	3,980	2,812	214,569
<b>Self-suff.</b>	98,779	6,679	1,767	3,291	3,143		54,833
Depreciation expense	9,203	1,862		2,794			13,859
Bad debt expense							
Total non-cash expenses	69,132	8,472	1,597	3,685	3,149		86,533
<b>Excess</b>	\$ (12,661)	\$ (29,821)	\$ (8,428)	\$ (18,081)	\$ 247	\$ 2,317	\$ (182,661)



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

To the Board of Directors of  
United Cerebral Palsy of  
Greater New Orleans, Inc.  
New Orleans, Louisiana

We have audited the financial statements of United Cerebral Palsy of Greater New Orleans, Inc. (a non-profit organization) as of and for the year ended June 30, 1997, and have issued our report thereon dated August 12, 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. 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 United Cerebral Palsy of Greater New Orleans, 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 United Cerebral Palsy of Greater New Orleans, 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.

We noted other matters involving the internal control structure and its operation that we have reported to the management of United Central Bank of Greater New Orleans, Inc. in a separate letter dated August 12, 1997.

This report is intended for the information of the Board of Directors, Finance Committee, management, the U. S. Department of Education, and the State of Louisiana - Office of Human Services. However, this report is a matter of public record and its distribution is not limited.

*Lepine L. Madame*

August 12, 1997



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

To the Board of Directors of  
United Cerebral Palsy of  
Greater New Orleans, Inc.  
New Orleans, Louisiana

We have audited the financial statements of United Cerebral Palsy of Greater New Orleans, Inc. (a non-profit organization) as of and for the year ended June 30, 1997, and have issued our report thereon dated August 12, 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. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to United Cerebral Palsy of Greater New Orleans, Inc. (UCP) is the responsibility of UCP's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of UCP's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit 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.

We noted certain immaterial instances of noncompliance that we have reported to the management of UCP in a separate letter dated August 12, 1997.

This report is intended for the information of the Board of Directors, Finance Committee, management, the U.S. Department of Education, and the State of Louisiana - Office of Human Services. However, this report is a matter of public record and its distribution is not limited.

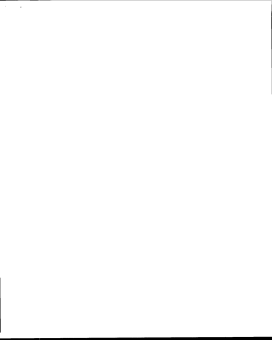
*Lejair L. Matrone*

August 12, 1997

UNITED CEREBRAL PALSY OF  
GREATER NEW ORLEANS, INC.

REPORT TO MANAGEMENT

JUNE 30, 1987





August 12, 1997

To the Board of Directors of  
United Coastal Policy  
of Greater New Orleans, Inc.  
New Orleans, Louisiana

In planning and performing our audit of the financial statements of United Coastal Policy of Greater New Orleans, Inc. ("UCP") for the year ended June 30, 1997, we considered UCP's internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

As a result of this consideration, we developed the following observations and recommendations concerning certain internal control structure and other operational matters that are designed to help UCP make improvements and achieve operational efficiencies. Our comments reflect our desire to be of continuing assistance to UCP. Our comments are summarized as follows:

#### **CONTRACT COMPLIANCE/MAINTENANCE OF SUPPORTING DOCUMENTATION**

##### **Observation**

Documentation maintained on one Adult program consumer selected for compliance testing, reflected a complexity level that did not agree to the level used in billing the grantor.

##### **Recommendation**

Ensure that all applicable supporting documentation is maintained on consumers participating in UCP's programs. Although the difference noted above did not result in UCP obtaining more funding than it should have, an emphasis should be placed upon the maintenance of proper support in order to assure adequate controls over compliance.

##### **Management's Response**

The billing department has insured receipt of complexity level forms for all newly enrolled consumers since its inception of January 1996. In light of this observation and recommendation we will insure accuracy and copies of all consumers' complexity level forms who were admitted

prior to that date. It should be noted that the contractor in question was admitted in 1994, at which time complexity levels were done by two people independent of each other and then a third firm was prepared combining the results. It possible that the level reviewed by the auditor was half of the final result. This would explain why the level on the invoice differs. However, due to the loss of numerous documents in the May '85 flood or until we locate the original 1994 billing copy, we cannot be sure of the reason for this discrepancy. However, we can and do intend to ensuring adequate controls over compliance.

## FUNDS MANAGEMENT

### Observation

UCP has enjoyed a significant increase in its available funds over the past two years. Substantially all of these funds are to be maintained in depository accounts.

### Recommendation

With prudent consideration given to UCP's short- and long-term needs for funds, evaluate the possibility of investing in debt and equity funds or securities in order to increase portfolio earnings. Work with UCP's bank to implement a procedure whereby any amounts above an established minimum balance required for day-to-day operations are invested in overnight investments or other securities. These policies will help to ensure the maximization of earnings on UCP's funds.

### Management's Response

The Finance Committee will take the investment recommendations under consideration when they make their review of funds management and reserves growth. United Central Policy administration will contact the agency's bankers to research operating funds investment options.

## CLASSIFICATION/ALLOCATION OF FUND-RAISING COSTS

### Observation

Internal financial statements for special events classify expenses according to the individual event, instead of by natural expense classifications. Although supporting schedules are maintained detailing expenses for each event, these amounts do not agree to totals per the general ledger. In addition, the salary of an employee who spends substantially all of her time on fund-raising activities is included in total compensation of the management and general department.



### Recommendations

Consider creating retail expense accounts in the general ledger with different "departmental" codes for each event in order to be better able to track fund-raising costs and to comply with accounting standards regarding the reporting of retail expense classifications. In addition, consider presenting any salaries or other allocated expenses related to fund-raising in the internally prepared financial statements of the special events department.

### Management's Response

At 1985/86 year end the Finance Committee decided to combine development activities as a function of the management and general department. The person maintaining the supporting schedules failed to allocate postage to each event. In the future these schedules will be kept more diligently, and will be reconciled with the general ledger.

\*\*\*\*\*

It should be understood that our comments deal exclusively with operational matters, and should not be regarded as reflecting on the integrity or the capabilities of anyone in your organization. It should be further recognized that our comments have been restricted to suggested improvements, and are not intended as a commentary on the various favorable aspects of UCF's procedures and controls.

We appreciate the cooperation we have received from UCF personnel and the opportunity to have been of service to you and UCF. This report is intended solely for the information and use of the Board of Directors, management, and others within UCF. In the event you have any questions or require additional information with respect to matters discussed in the accompanying report, please do not hesitate to contact us.

Very truly yours,

*Legis. L. Martine*