

9566

**OFFICIAL
TAKE COPY**

DO NOT SEND OUT

Please Retain
Copies from this
copy and PLACE
BACK IN FILE

CATEROLISE FOUNDATION, INC.
**FINANCIAL STATEMENTS AND INDEPENDENT
AUDITORS' REPORTS**

Year Ended June 30, 1987

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.

Release Date **NOV 24 1987**

15 6 87 02 12:24
41627 02 49 8 81
12/22/87

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITORS' COMBINED REPORT ON THE BASIC FINANCIAL STATEMENTS AND THE SCHEDULE OF FEDERAL AWARDS	3-4
REPORT ON COMPLIANCE WITH LAWS, REGULATIONS, CONTRACTS, AND GRANTS BASED ON AN AUDIT OF BASIC FINANCIAL STATEMENTS IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	5-4
REPORT ON THE INTERNAL CONTROL STRUCTURE BASED ON AN AUDIT OF BASIC FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	7-8
REPORT ON COMPLIANCE WITH GENERAL REQUIREMENTS	9-10
REPORT ON COMPLIANCE WITH SPECIFIC REQUIREMENTS APPLICABLE TO FORMER PROGRAM TRANSACTIONS	11-12
REPORT ON INTERNAL CONTROL STRUCTURE IN ACCORDANCE WITH ONE CIRCULAR A-133 - FEDERAL AWARDS	13-16
FINANCIAL STATEMENTS	
STATEMENT OF FINANCIAL POSITION	16-17
STATEMENT OF ACTIVITIES	18
STATEMENT OF FUNCTIONAL EXPENSES	18
STATEMENT OF CASH FLOWS	20
NOTES TO FINANCIAL STATEMENTS	21-26

MOORE & HOLMES

CERTIFIED PUBLIC ACCOUNTANTS

1000 BAYLUM STREET, SUITE 200

LAFAYETTE, LOUISIANA 70501

PHONE 483-6700

FX 483-6200

LAFAYETTE, LOUISIANA 70501

TELETYPE 483-6700

FACSIMILE 483-6700

STEPHEN S. MOORE, JR., CPA

LARRY R. HOLMES, JR., CPA

MEMBER AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

MEMBER STATE SOCIETY OF ACCOUNTANTS

INDEPENDENT AUDITORS' COMBINED REPORT ON THE BASIC FINANCIAL STATEMENTS AND THE SCHEDULE OF FEDERAL AWARD

To the Board of Directors
Gatchouse Foundation, Inc.
Lafayette, Louisiana

We have audited the accompanying statements of financial position of Gatchouse Foundation, Inc. (Gatchouse) (a not-for-profit corporation) as of June 30, 1987, and the statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of Gatchouse'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; the provisions of GAO Circular A-133, "Audits of Institutions of Higher Education and Other Non-Profit Institutions"; and the provisions of the Louisiana Governmental Audit Guide. These standards and GAO 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Gatchouse as of June 30, 1987, and the results of its operations, changes in net assets, and its cash flows for the year then ended in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the basic financial statements of Getchouse taken as a whole. The accompanying Schedule of Federal Awards (in Footnote B) 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 that schedule has been subjected to the 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.

In accordance with Government Auditing Standards, we have also issued a report dated September 19, 1997, on our consideration of Getchouse's internal control structure and a report dated September 19, 1997, on its compliance with laws and regulations.



Moore & Roffel
Lafayette, Louisiana
September 19, 1997

MOORE & BOLTES

CERTIFIED PUBLIC ACCOUNTANTS

1001 MARSHALL STREET, SUITE 100

LAFAYETTE, LOUISIANA 70501

MEMPHIS, TENNESSEE

PO BOX 1000

LAFAYETTE, LOUISIANA 70501-1000

TELEPHONE (504) 281-0000

FACSIMILE (504) 281-1007

STEPHEN H. MOORE, JR. CPA

CHARLES H. BOLTES, JR. CPA

* MEMBERSHIP INFORMATION

MEMBER OF AICPA, CPA

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH LAWS, REGULATIONS, CONTRACTS, AND GRANTS BASED ON AN AUDIT OF BASIC FINANCIAL STATEMENTS IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
Gatchouse Foundation, Inc.
Lafayette, Louisiana

We have audited the financial statements of Gatchouse Foundation, Inc. (Gatchouse) (a not-for-profit corporation) as of and for the year ended June 30, 1987, and have issued our report thereon dated September 15, 1987.

We conducted our audit in accordance with generally accepted auditing standards; Government Auditing Standards, issued by the Comptroller General of the United States; the provisions of GSA Circular A-133, "Audits of Institutions of Higher Education and Other Non-Profit Institutions"; and the provisions of the Louisiana Governmental Audit Guide. Those standards and GSA 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 Gatchouse is the responsibility of Gatchouse's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of Gatchouse's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

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

This report is intended for the information of the Board of Directors, management, the Louisiana Department of Health and Hospitals, Office of Human Services, Division of Alcohol and Drug Abuse as licensing agency for Catchouse and the Local Board of United Way. However, this report is a matter of public record, and its distribution is not limited.



Moore & Rolfus
Lafayette, Louisiana
September 19, 1987

MOORE & RUTLES

CERTIFIED PUBLIC ACCOUNTANTS

1008 MARSHALL STREET, SUITE 104

LAFAYETTE, LOUISIANA 70501

PHONE (504) 485-1100

FD 908 (1982)

LAFAYETTE, LOUISIANA 70501

TELEPHONE (504) 487-9600

FACSIMILE (504) 487-1047

STEPHEN MOORE, JR. CPA

LEONARD MOORE, CPA, CMA

LAFAYETTE, LOUISIANA 70501

BRIAN R. CURRIE, CPA

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

To the Board of Directors
Gatehouse Foundation, Inc.
Lafayette, Louisiana

We have audited the financial statements of Gatehouse Foundation, Inc. (Gatehouse) (a not-for-profit corporation) as of and for the year ended June 30, 1997, and have issued our report thereon dated September 19, 1997.

We conducted our audit in accordance with generally accepted auditing standards; Government Auditing Standards, issued by the Comptroller General of the United States; the provisions of OMB Circular A-133, "Audits of Institutions of Higher Education and Other Non-Profit Institutions"; and the provisions of the Louisiana Governmental Audit Guide. 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 Gatehouse 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 operations of policies and procedures may deteriorate.

In planning and performing our audit of the financial statements of Getchouse 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 accounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

This report is intended for the information of the Board of Directors, management, the Louisiana Department of Health and Hospitals, Office of Human Services, Division of Alcohol and Drug Abuse as licensing agency for Getchouse and the local Board of United Way. However, this report is a matter of public record, and its distribution is not limited.



Moore & Soltes
Lafayette, Louisiana
September 18, 1997

MOORE & ROLFE

CERTIFIED PUBLIC ACCOUNTANTS

INCORPORATED UNDER THE LAWS OF MISSISSIPPI

LAUREL, MISSISSIPPI 39240

MEMPHIS OFFICE:

PO BOX 5000

LAUREL, MISSISSIPPI 39240

TELEPHONE 901-875-6000

FACSIMILE 901-875-6000

MEMPHIS OFFICE: 2000 N. GUY

LOUIS & BROADWAY, MEMPHIS, TENN.

A PROFESSIONAL CORPORATION

MEMPHIS OFFICE: 2000 N. GUY

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

To the Board of Directors
Gatehouse Foundation, Inc.
Lafayette, Louisiana

We have audited the financial statements of Gatehouse Foundation, Inc. (Gatehouse) (a not-for-profit corporation) as of and for the year ended June 30, 1997, and have issued our report thereon dated September 19, 1997.

We have applied procedures to test Gatehouse's compliance with the following requirements applicable to its Federal programs, which are identified in the accompanying schedule of federal awards in Footnote B for the year ended June 30, 1997: political activity, Davis-Bacon Act, civil rights, cash management, Federal financial reports, allowable costs, drug-free workplace, and administrative requirements.

Our procedures were limited to the applicable procedures described in the Office of Management and Budget's Compliance Supplement for Audits of Institutions of Higher Learning and Other Non-Profit Institutions. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on Gatehouse's compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of our 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 Gatehouse has not complied, in all material respects, with those requirements.

This report is intended for the information of the Board of Directors, management, the Louisiana Department of Health and Hospitals, Office of Human Services, Division of Alcohol and Drug Abuse as licensing agency for Gatehouse, and the local Board of United Way.

However, this report is a matter of public record and its distribution is not limited.

Moore & Rolfe

Moore & Rolfe
Lafayette, Louisiana
September 18, 1957

MOORE & ROLFES

CERTIFIED PUBLIC ACCOUNTANTS
204 FEDERAL STREET, SUITE 100
LAFAYETTE, LOUISIANA 70501

MOORE & ROLFES
204 FEDERAL STREET
LAFAYETTE, LOUISIANA 70501
TELEPHONE (504) 481-6600
FACSIMILE (504) 481-0147

MEMBERS MOORE & ROLFES
MOORE & ROLFES, INC. / CPA

14 WEST MAIN STREET
HOUMA, LA 70309, USA

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

To the Board of Directors
Gatchouse Foundation, Inc.
Lafayette, Louisiana

We have audited the financial statements of Gatchouse Foundation, Inc. (Gatchouse) (a not-for-profit corporation) as of and for the year ended June 30, 1987, and have issued our report thereon dated September 29, 1987.

In connection with our audit of the financial statements of Gatchouse and with our consideration of the Organization's internal control structure used to administer federal award programs, as required by Office of Management and Budget (OMB) Circular A-133, "Audits of Institutions of Higher Education and Other Non-Profit Institutions," we selected certain transactions applicable to certain nonmajor federal award programs for the year ended June 30, 1987. As required by OMB Circular A-133, we have performed auditing procedures to test compliance with the requirements governing types of services allowed or unallowed, eligibility, and special tests and provisions (if any) that are applicable to those transactions. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on Gatchouse's compliance with these requirements. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of our 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 Gatchouse had not complied, in all material respects, with those requirements.

This report is intended for the information of the Board of Directors, management, the Louisiana Department of Health and Hospitals, Office of Human Services, Division of Alcohol and Drug

House as licensing agency for Ostrhouse and the local Board of United Way. However, this report is a matter of public record, and its distribution is not limited.

Moore & Kolfsen

Moore & Kolfsen
Lafayette, Louisiana
September 28, 1957

MOORE & RALPHS

CERTIFIED PUBLIC ACCOUNTANTS
INCORPORATED UNDER LAWS OF
LOUISIANA, LEVYING 1932
LAFOYETTE, LOUISIANA 70503

MOBILE OFFICE
P.O. BOX 1284
LAFOYETTE, LOUISIANA 70501-1284
SHIPPING (504) 271-4000
FACSIMILE (504) 271-4000

MOBILE OFFICE: MOBILE, AL 36601
LAFOYETTE OFFICE: 807/271-4000

MEMBER OF DELOITTE & TOUCHE
MEMBER OF EY

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

To the Board of Directors
Catehouse Foundation, Inc.
Lafayette, Louisiana

We have audited the financial statements of Catehouse Foundation, Inc. (Catehouse) (a not-for-profit corporation) as of and for the year ended June 30, 1997, and have issued our report thereon dated September 19, 1997.

We conducted our audit in accordance with generally accepted auditing standards; Government Auditing Standards, issued by the Comptroller General of the United States; the provisions of OMB Circular A-133, "Audits of Institutions of Higher Education and Other Non-Profit Institutions"; and the provisions of the Louisiana Governmental Audit Guide. 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.

In planning and performing our audit for the year ended June 30, 1997, we considered the internal control structure of Catehouse in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements of Catehouse 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 September 19, 1997.

The management of Catehouse 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:

- Cash receipts and revenue
- Purchasing and cash disbursements
- Property and equipment

For all of the internal control structure categories listed in the preceding paragraph, 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, 1987, Getachew had no major federal award programs and expended 100% of its total federal awards under the following nonmajor programs:

- Federal Block Grant issued through Louisiana
Department of Health and Hospitals, DCHA

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 the aforementioned nonmajor programs. 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 reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that noncompliance with laws and regulations that would be material to 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 the Board of Directors, management, the Louisiana Department of Health and Hospitals, Office of Human Services, Division of Alcohol and Drug Abuse as licensing agency for Calcasieu and the Local Board of United Way. However, this report is a matter of public record, and its distribution is not limited.



Moore & Kalfas
Lafayette, Louisiana
September 19, 1987

GATEHOUSE FOUNDATION, INC.
 STATEMENT OF FINANCIAL POSITION
 June 30, 1997

ASSETS

CURRENT ASSETS		
Cash	\$ 21,965	
Prepaid expenses	962	
Accounts receivable - contract (Notes A & B)	9,878	
Grants receivable (Notes A & B)	6,027	
Employee advance	25	
Due from clients	<u>33</u>	
Total Current Assets		\$ 38,690
PROPERTY AND EQUIPMENT - AT COST (Note A)		
Land	87,000	
Building	41,076	
Furniture and fixtures	14,788	
Equipment	29,825	
Building renovations	<u>23,382</u>	
	196,071	
Less: accumulated depreciation	<u>(63,243)</u>	
Net Property and Equipment		132,828
OTHER ASSETS		
Deposits		<u>2,183</u>
TOTAL ASSETS		\$ 173,521

The accompanying notes are an integral
 part of this statement.

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$	1,818	
Accrued payroll taxes		1,992	
Note payable (Note C)		1,850	
State contract advance		<u>3,262</u>	

Total Current Liabilities

\$ 8,619

LONG-TERM LIABILITIES

Long-term debt, net of current portion (Note C)			<u>10,288</u>
--	--	--	---------------

Total Liabilities

17,417

NET ASSETS (Note A)

Temporarily restricted	156,118	
Temporarily restricted	<u>-</u>	

Total net assets

156,118

TOTAL LIABILITIES AND
NET ASSETS

\$ 173,935

The accompanying notes are an integral
part of this statement.

GATEHOUSE FOUNDATION, INC.

STATEMENT OF ACTIVITIES

For the year ended June 30, 1993

	Unrestricted	Temporarily Restricted	Total
Public Support and Revenue:			
Reversal from state contract (Notes A & B)	\$ 118,942	\$ -	\$ 118,942
United Way of Appalachia (Notes A & B)	12,000	-	12,000
Junior League of Lafayette (Note B)	1,000	-	1,000
Client services (Note c)	8,878	-	8,878
Donations	1,388	-	1,388
In-kind donations	2,200	-	2,200
Interest earned	22	-	22
Fundraising	<u>882</u>	<u>-</u>	<u>882</u>
Total public support and revenue	148,312	-	148,312
Expenses:			
Program services:			
Dietary	17,890	-	17,890
Physical plant	26,887	-	26,887
Supervision	<u>54,367</u>	<u>-</u>	<u>54,367</u>
Total program services	99,144	-	99,144
Supporting services:			
Management and general	40,983	-	40,983
Fundraising	<u>145</u>	<u>-</u>	<u>145</u>
Total supporting services	<u>41,128</u>	<u>-</u>	<u>41,128</u>
Total expenses	140,272	-	140,272
Change in net assets	8,040	-	8,040
Net assets, beginning of year	151,556	-	151,556
Net assets, end of year	\$ <u>159,596</u>	\$ <u>-</u>	\$ <u>159,596</u>

The accompanying notes are an integral part of this statement.

GATEHOUSE FOUNDATION, INC.
 STATEMENT OF FUNCTIONAL EXPENSES
 For the year ended June 30, 1997

	Program Services	Management and General	Total
Nad debt	\$ -	\$ 300	\$ 300
Bank charges	-	32	32
Contract labor	614	-	614
Depreciation (Note A)	9,715	-	9,715
Dietary contract	800	-	800
Dues	-	38	38
Employee benefits	-	168	168
Food	17,090	-	17,090
Fundraising expense	-	145	145
Insurance	4,321	339	4,660
Interest	2,343	-	2,343
Legal, accounting & auditing	-	6,275	6,275
Medical contract	1,384	-	1,384
Miscellaneous	-	527	527
Office supplies	-	1,806	1,806
Payroll taxes	4,597	2,243	6,840
Permits and licenses	-	273	273
Postage	-	282	282
Rent	459	-	459
Repairs and maintenance	1,851	873	2,723
Salaries	46,330	23,197	69,527
Subscriptions	408	-	408
Supplies	717	-	717
Taxes and penalties	-	24	24
Telephone	-	2,380	2,380
Training - in service	827	-	827
Utilities	8,207	-	8,207
Vehicle operations	-	1,043	1,043
	<u>\$ 10,911</u>	<u>\$ 31,133</u>	<u>\$ 42,044</u>

The accompanying notes are an integral
 part of this statement.

GATSBOURG FOUNDATION, INC.

STATEMENT OF CASH FLOWS

For the Year Ended June 30, 1987

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets - increase	\$ 4,562
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	\$ 9,715
Decrease in prepaid expenses/advances	734
(Increase) in accounts receivable	(100)
(Increase) in grants receivable	(787)
(Decrease) in accounts payable	(334)
Increase in accrued payroll taxes	395
Increase in state contract advance	<u>310</u>
Total adjustments	<u>8,523</u>
Net cash provided by operating activities	14,139
CASH FLOWS FROM INVESTING ACTIVITIES	
Additions to property and equipment	(7,000)
In-kind donations to property and equipment	<u>11,220</u>
Net cash used by investing activities	4,220
CASH FLOWS FROM FINANCING ACTIVITIES	
Payments on insurance debt	(204)
Payment on line of credit debt	<u>121,820</u>
Net cash used by financing activities	<u>121,616</u>
Net decrease in cash	16,600
Cash at June 30, 1986	<u>37,500</u>
Cash at June 30, 1987	\$ <u>20,900</u>

Supplemental disclosure:

Interest paid amounted to \$2,343

The accompanying notes are an integral part of this statement.

GATEHOUSE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 1997

Note A - Nature of Activities and Summary of Significant Accounting Policies

Nature of activities

Gatehouse Foundation, Inc. operates a private, non-profit, residential (fifteen beds), educational and rehabilitation program for persons recovering from alcoholism and other chemical dependencies. The halfway house facility provides extended care to chemically dependent males and females in a supervised living environment. The purpose of the program is to assist the resident in developing a healthy transition back into the community via counseling and therapeutic support. As provider, Gatehouse must allow a sliding fee scale policy, and must not refuse services to persons on account of race, religion, sex or ability to pay. The primary source of funding for this program is a contract with the State of Louisiana, Department of Health and Hospitals, Office of Human Services, Division of Alcohol and Drug Abuse, through a Federal Block Grant. Gatehouse is licensed by the Louisiana Department of Health and Hospitals. Under this license, Gatehouse agrees to provide room and board, individual and group counseling and peer support in a structured therapeutic environment.

Financial Statement Presentation

Effective for fiscal year ended June 30, 1996, Gatehouse began the application of the new accounting standards as prescribed by SFAS 117, Financial Statements of Not-for-Profit Organizations. Under SFAS 117, Gatehouse is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, Gatehouse is required to present a statement of cash flows. As permitted by this new statement, Gatehouse has altered its use of fund accounting (for reporting purposes) and has, accordingly, reclassified its financial statements to present the three classes of net assets required, and eliminate the "fund balance"

Continued

terminology. Gatehouse has only unrestricted and temporarily restricted classes. The reclassification had no effect on the change in net assets for the fiscal year ended June 30, 1998 or 1997.

Contributions

Effective for fiscal year ended June 30, 1998, Gatehouse began the application of the new accounting standards as prescribed by SFAS 116, **Accounting for Contributions Received and Contributions Made**. In accordance with SFAS 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. The adjustment of \$4,683 made to net assets as of June 30, 1998, represents time-restricted contributions that had previously been reported as deferred revenue. Under SFAS 116, such contributions are now required to be reported as temporarily restricted support and are then reclassified to unrestricted net assets upon expiration or expenditures of the funds. In effect, the recognition of this as support occurs at the receipt of the award, regardless of when the money is spent.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Compensated absences

Under SFAS 43, an employer generally is required to accrue a liability for employees' rights to receive compensation for future absences. The amount of the compensation is not reasonably estimable and, therefore, no such liability has been accrued.

Functional expenses

Expenses are charged to the program based on direct expenditures incurred. Any expenditures not directly chargeable are allocated to a program based on related salary expenses, or other appropriate method.

Continued

**Note B - Federal, State and Local Financial Assistance
and Grant Awards**

Grant(s)/Program Title	Amount Earned Y/E June 30, 1981
State of Louisiana, Department of Health and Hospitals, Office of Human Services, Division of Alcohol and Drug Abuse (through a Federal Block Grant)	\$ <u>118,842</u>
United Way of Acadiana	\$ <u>12,000</u>
Junior League of Lafayette	\$ <u>1,000</u>

The aforementioned contract with the State of Louisiana is operated on a per diem reimbursement basis. The 1980-81 contract was renewed for 81-82 for a maximum reimbursement of \$127,798, effective July 1, 1980. This represents a per diem of \$25 for 14 beds.

The aforementioned grants from the United Way of Acadiana and the Junior League of Lafayette can be used for operational expenses.

Note C - Note Payable - Iberia Savings Bank

The Board of Directors approved a \$88,000 line of credit from Iberia Savings Bank in January, 1980, for renovations of the women's house. The balance at June 30, 1981 is \$12,646, with interest accruing at 9.875% per year. The balance of the current liability is \$1,898 and the balance of the long-term liability is \$10,748.

Maturities of long-term debt are as follows:

Year Ending June 30.	Amount
1980	\$ 2,040
1981	2,261
1982	2,484
1983	2,741
2002 and after	<u>3,382</u>
	\$ <u>12,798</u>

Continued

Note D - Client Rent

The organization, as part of their recovery program for the residents as well as a source of income, charges and collects rent on a weekly, sliding scale basis. Rental revenue of \$8,878 reflected in the financial statements is recorded on the cash basis. Because rent is collected weekly any adjustment to the accrual basis is deemed immaterial. Rental income from clients is deducted from the per diem in arriving at the total monthly State reimbursement.

Note E - Donated Materials

Donated materials are reflected as in-kind donations in the accompanying statements at their fair market value.

Note F - Contributed Services

Effective for the fiscal year ended June 30, 1996, Gatehouse began the application of the new accounting standards as prescribed by SFAS 118 and 117. Accordingly, contributed services of volunteers shall only be recognized in the statement of activities if the services received:

- a) Create or enhance non-financial assets (land, buildings, etc.); or,
- b) Require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donations. No amounts have been reflected in the statements for volunteer services.

Note G - Concentrations

Approximately 82% of Gatehouse's support was provided by revenue from the state contract.

Note H - Subsequent Events

Subsequent to the balance sheet date, the following contracts/grants were authorized:

Continued

1. The State authorized a contract for \$127,700. This represents a per diem rate of \$25 for 14 beds authorized. The actual amount realized from the contract will be determined by occupancy.
2. GLEND Electric Foundation awarded a grant of \$5,000.
3. The Lafayette City-Parish Consolidated Government's Emergency Shelter Grant awarded a grant of \$5,000.

Concluded