



BROTHERS OF ST. JOSEPH
ST. PAUL CENTER, INC.
ANNUAL FINANCIAL STATEMENTS
YEAR ENDING 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 2-25-98

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INDEPENDENT AUDITOR'S REPORT

September 23, 1997

Sr. Kathleen Bahlinger, Director
The Sisters of St. Joseph-St. Paul Center, Inc.
Baton Rouge, Louisiana

I have audited the accompanying statement of financial position of the Sisters of St. Joseph-St. Paul Center, Inc. (a non-profit organization) as of June 30, 1997, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Sisters of St. Joseph-St. Paul Center, Inc.'s management. My responsibility is to express an opinion of these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I 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. I believe that my audit provided a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Sisters of St. Joseph-St. Paul Center, Inc. as of June 30, 1997, and the results of its operations and cash flows for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated September 23, 1997, on our consideration of Sisters of St. Joseph-St. Paul Center's internal control structure and a report dated September 23, 1997, on its compliance with laws and regulations.

Respectfully submitted

Donald C. DeVille

SISTERS OF ST. JOSEPH - ST. PAUL CENTER, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 1997

(With June 30, 1996 Comparative Balances)

| | CURRENT FUNDS | | TOTAL | |
|---|-----------------|----------------|-----------------|------------------|
| | OPERATING | RESTRICTED | 1997 | 1996 |
| ASSETS | | | | |
| Cash | \$30,888 | \$4,949 | \$35,837 | \$71,044 |
| Accounts Receivable | 1,569 | -0- | 1,569 | 502 |
| Grants Receivable | 10,823 | -0- | 10,823 | 11,440 |
| Due From Other Funds | -0- | -0- | -0- | 11,440 |
| Equipment, Net | 11,284 | -0- | 11,284 | 15,600 |
| Deposit-Workers' Comp | 199 | -0- | 199 | 300 |
| TOTAL ASSETS | <u>\$62,863</u> | <u>\$4,949</u> | <u>\$67,812</u> | <u>\$110,486</u> |
| LIABILITIES AND NET ASSETS | | | | |
| LIABILITIES | | | | |
| Accounts Payable | \$2,126 | \$-0- | \$2,126 | \$972 |
| Employee Withholdings | 1,525 | -0- | 1,525 | 10 |
| Due To Other Funds | -0- | -0- | -0- | 11,440 |
| TOTAL LIABILITIES | <u>\$3,651</u> | <u>-0-</u> | <u>\$3,651</u> | <u>\$12,422</u> |
| NET ASSETS | | | | |
| Unrestricted | \$2,572 | -0- | \$2,572 | \$8,563 |
| Temporarily Restricted | -0- | -0- | -0- | -0- |
| Membership Grant | | \$4,000 | 4,000 | -0- |
| Special Children | | 959 | 959 | -0- |
| TOTAL NET ASSETS | <u>\$2,572</u> | <u>\$4,959</u> | <u>\$7,531</u> | <u>\$8,563</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$62,863</u> | <u>\$4,949</u> | <u>\$67,812</u> | <u>\$110,486</u> |

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT.

SISTERS OF ST. JOSEPH - ST. PAUL CENTER, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 1997

(With June 30, 1996 Comparative Balances)

| | CURRENT FUNDS | | TOTAL | |
|---|----------------------|---------------------------------|------------------|----------------|
| | OPERATING | TEMPORARY RESTRICTED | ALL FUNDS | |
| | | | 1997 | 1996 |
| REVENUE: | | | | |
| Contributions | \$43,015 | 0- | 43,015 | 535,470 |
| Grant-Special child | 0- | 2,438 | 2,438 | 0- |
| Grant-Family Support | 157,044 | 0- | 157,044 | 104,529 |
| Grant-Labor | 9,880 | 0- | 9,880 | 10,243 |
| Grant-Education | 41,197 | 0- | 41,197 | 34,720 |
| Grant-Career Net | 0- | 0- | 0- | 33,533 |
| Grant-CCJ | 0- | 1,800 | 1,800 | 1,000 |
| Grant-Fellowship | 0- | 4,000 | 4,000 | 0- |
| Interest Income | 788 | 0- | 788 | 601 |
| Toy Sale | 3,838 | 0- | 3,838 | |
| Other | 173 | 0- | 173 | 2,848 |
| Net Assets Released from Restrictions: | | | | |
| Restrictions satisfied by Payment | 2,969 | (2,969) | 0- | 0- |
| TOTAL REVENUE | <u>214,297</u> | <u>4,869</u> | <u>219,166</u> | <u>212,058</u> |
| EXPENSES: | | | | |
| Family Support | 332,100 | 0- | 332,100 | 104,529 |
| Educational | 41,197 | 0- | 41,197 | 34,720 |
| Labor | 9,881 | 0- | 9,881 | 9,458 |
| Career Net | 270 | 0- | 270 | 14,883 |
| Special Children | 1,469 | 0- | 1,469 | 0- |
| Management | 44,855 | 0- | 44,855 | 84,009 |
| TOTAL EXPENSES | <u>269,772</u> | <u>0-</u> | <u>269,772</u> | <u>207,649</u> |
| INCREASE IN NET ASSETS | 4,525 | 4,869 | 9,400 | 3,301 |
| FUND BALANCE, JULY 1 | <u>58,053</u> | <u>0-</u> | <u>58,053</u> | <u>54,757</u> |
| FUND BALANCE, JUNE 30 | <u>62,578</u> | <u>4,969</u> | <u>67,547</u> | <u>58,058</u> |

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT.

SISTERS OF ST. JOSEPH - ST. PAUL CENTER, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 1997

| | |
|--|-----------------|
| CASH FLOW FROM OPERATING ACTIVITIES: | |
| Increase In Net Assets | \$9,400 |
| Adjustments To Reconcile Increase In Net Assets To Net Cash Provided By Operating Activities: | |
| Depreciation | 4,400 |
| (Increase) Decrease In Operating Assets: | |
| Accounts Receivable | (987) |
| Grants Receivable | (5,283) |
| Due From Other Funds | 12,440 |
| Deposits | 100 |
| Increase (Decrease) In Operating Liabilities: | |
| Accounts Payable | 1,150 |
| Employee Withholdings | 1,500 |
| Due to Other Funds | (12,440) |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | <u>10,813</u> |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 10,813 |
| CASH AND CASH EQUIVALENTS, Beginning of Year | <u>\$1,844</u> |
| CASH AND CASH EQUIVALENTS, End of Year | <u>\$12,657</u> |

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT.

SISTERS OF ST. JOSEPH - ST. PAUL CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1993

NOTE #1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION

The Sisters of St. Joseph - St. Paul Center, Inc. (Center) is a Louisiana non-profit corporation, first begun in 1960 and then incorporated in 1983 to be operated exclusively for charitable and educational purposes, including: extending educational opportunities to the adult population be they free or imprisoned; offering social services with a specified area to those in financial distress.

Recognition of Donor Restrictions

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. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When restrictions expire, temporarily restricted net assets are reclassified to unrestricted net assets. At present, the Organization does not have any temporarily restricted or permanently restricted net assets.

FINANCIAL STATEMENT PRESENTATION

The Organization elected to adopt Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted net assets, and permanently restricted net assets. In addition, the Organization is required to present a statement of cash flows. As permitted by this statement, the Organization has discontinued its use of fund accounting and has, accordingly, reclassified its financial statements to present the three classes of net assets required.

CONTRIBUTIONS

The Organization has elected to adopt SFAS No. 116, Accounting for Contributions Received and Contributions Made in 1986. 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. Under SFAS 116, such contributions are required to be reported as temporarily restricted support and are then reclassified to unrestricted net assets upon expiration of the time restriction.

SISTERS OF ST. JOSEPH - ST. PAUL CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR END, 1987

NOTE #1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The center has a group determination letter from the Internal Revenue Service advising it that it qualifies as a non-profit corporation under section 501 (c) (3) of the Internal Revenue Code (IRC), and therefore, is not subject to income tax. It has been classified as an organization that is not a private foundation under Section 509 (A) (2) of the IRC.

Allocated Expenses

Expenses by function have been allocated among program and administrative services classifications on the basis of time records and on estimates made by the Center's management.

Fund Raising Cost

Fund raising cost are not considered significant and are combined with management expenses for the period presented.

Cash and Investments

Cash and investments are stated at cost. The Center maintains its funds in demand and interest-bearing savings accounts insured by the FDIC.

Accounts Receivable

Accounts receivable are written-off under the direct write-off method whereby bad debts are recorded when a receivable is deemed uncollectible. If they are subsequently collected they are recorded as miscellaneous income.

The direct charge-off method is not a material departure from GAAP as it approximates the valuation method.

2. Expaid

Insurance and similar services which extend over more than one accounting period are considered immaterial and are expensed when paid.

3. Inventories

Inventories in the operating fund are considered immaterial and are recorded as expenses when purchased.

SISTERS OF ST. JOSEPH - ST. PAUL CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1957

NOTE #1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Equipment

Equipment is stated at cost. Assets purchased with grant funds are expensed when purchased and transferred to the plant fund. Depreciation on other assets is provided on the straight-line method over estimated useful lives of 3 to ten years for equipment.

L. Grant Revenue

Revenue for federal grants is recorded based on expenses incurred since these grants are on a cost-reimbursement basis.

M. COMPARATIVE DATA

Comparative data for the prior year have been presented in the accompanying financial statements to provide an understanding of changes in the Center's financial position and operations. However, presentation of comparative data by fund type have not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

N. TOTAL COLUMNS ON COMBINED STATEMENTS

Total columns are presented to facilitate financial analysis. Data in these columns do not present financial position, results of operations and changes in fund balances in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

NOTE #2. CASH

The carrying value of the Organizations cash is as follows:

| | BOOK VALUE | BANK BALANCE | FDIC INSURED |
|------------|---------------|-----------------|-----------------|
| Operating: | | | |
| Petty cash | \$75 | — | — |
| Demand | 25,342 | \$23,522 | \$23,522 |
| Savings | 26,140 | 26,140 | 26,140 |
| | 41,557 | 49,662 | 49,662 |

SISTERS OF ST. JOSEPH - ST. PAUL CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1987

NOTE #3. RECEIVABLES

A. Accounts Receivables consist of the following as of June 30, 1987:

| | |
|----------------------|--------------|
| Emergency Assistance | \$1,500 |
| | <u>1,500</u> |

B. Grants Receivable consist of the following as of June 30, 1987:

| | |
|-------------------------|---------------|
| Family Support | \$12,370 |
| Department of Education | 5,400 |
| Department of Labor | 700 |
| | <u>18,470</u> |

Accounts receivable are written-off under the direct write-off method whereby bad debts are recorded when a receivable is deemed uncollectible. If they are subsequently collected they are recorded as miscellaneous income.

The direct charge-off method is not a material departure from GAAP as it approximates the valuation method.

NOTE #4. FIXED ASSETS

A summary of plant assets follows:

| | |
|--------------------------------|---------------|
| Equipment | \$20,107 |
| Vehicles | 4,341 |
| | <u>24,448</u> |
| Less: Accumulated Depreciation | (23,064) |
| Net Assets | <u>1,384</u> |

NOTE #5. RESTRICTED NET ASSETS

Restricted net assets as of June 30, 1987, consist of the following:

| | |
|-----------------------------|--------------|
| ManSHIP Grant | \$4,000 |
| Special Children Foundation | 900 |
| | <u>4,900</u> |
| Total | <u>4,900</u> |

SISTERS OF ST. JOSEPH - ST. PAUL CENTER, INC.
NOTICE TO FINANCIAL STATEMENTS
JUNE 30, 1977

NOTE #6. LEASED FACILITIES

The buildings used by the Center were leased for \$10,000 on a year-to-year basis.

NOTE #7. BOARD OF DIRECTORS' COMPENSATION

The Board of Directors is a voluntary board; therefore, no compensation has been paid to any member.

NOTE #8. ECONOMIC DEPENDENCE

The Center receives the majority of its revenues from funds provided through payments administered by the Project Independence program. If significant budget cuts are made at the federal/state level the amount of funds the Center receives could be reduced significantly and have a impact on its operations. Management is not aware of any actions that will adversely affect the amount of funds the Center will receive in the next fiscal year.

NOTE #9. FEDERAL AND STATE ASSISTED PROGRAMS

Federal and State grant programs represent an important source of funding to finance employment, construction and social programs which are beneficial to the Parish. These funds are recorded in the Special Revenue Funds and Capital Project Funds. The grants normally specify the purpose for which the funds may be used and are audited annually in accordance with the Office of Management and Budget's Circular A-113 under the "Single Audit Concept." Accordingly, a schedule of Federal Financial Assistance is presented in this report.

The Center receives large amounts of Federal and State grants for specific purposes that are subject to audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grant. Based on past experience, disallowed cost, if any, for grants will be immaterial.

SUPPLEMENTAL INFORMATION

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**INDEPENDENT AUDITOR'S REPORT ON
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE**

September 23, 1987

Mr. Kathleen Sahlinger, Director
The Sisters of St. Joseph-St. Paul Center, Inc.
Baton Rouge, Louisiana

I have audited the accompanying financial statements of the Sr's of St. Joseph - St. Paul Center, (a nonprofit organization), as of and for the year ended June 30, 1987, and have issued my report thereon dated September 23, 1987. These financial statements are the responsibility of the Town's management. My responsibility is to express an opinion on these component-unit financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the U.S. General Accounting Office, and the provisions of Office of Management and Budget Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Institutions. These standards and OMB Circular A-133 require that I 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 component unit 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. I believe that my audit provides a reasonable basis for my opinion.

My audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of federal financial assistance is presented for purposes of additional analysis and is not a required part of the financial statements of the Sr's of St. Joseph - St. Paul Center, (a nonprofit organization). The information in that schedule has been subjected to the auditing procedures applied in the audit of the financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Respectfully submitted,



SISTERS OF ST. JOSEPH - ST. PAUL CENTER, INC.
 SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
 YEAR ENDED JUNE 30, 1977

| PROGRAM TITLE | FEDERAL CFOA NUMBER | EXPENSES |
|--|---------------------------|------------------|
| <u>DEPARTMENT OF HEALTH AND HUMAN SERVICES:</u> | | |
| Passed Through Project Independence, Office Family Support | | |
| JOBH | 91.001 | <u>\$112,180</u> |
| <u>DEPARTMENT OF EDUCATION:</u> | | |
| Passed Through Louisiana Department of Education | | |
| ADULT EDUCATION | 84.003 | <u>41,197</u> |
| <u>DEPARTMENT OF LABOR:</u> | | |
| Passed Through Louisiana Department of Employment & Training | | |
| JTEA | 17.244 | <u>9,887</u> |
| TOTALS | | <u>\$163,184</u> |

Donald C. DeVille

CERTIFIED PUBLIC ACCOUNTANT
THE BLANCKHART BLDG.
NATON HOUSE, LOUISIANA THREE
(504) 387-7619

MEMBER OF THE
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

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

September 23, 1987

Dr. Mathleen Mahlinger, Director
The Sisters of St. Joseph-St. Paul Center, Inc.
Baton Rouge, Louisiana

I have audited the financial statements of the Sisters of St. Joseph-St. Paul Center, Inc. as of and for the year ended June 30, 1987, and have issued my Report thereon dated September 23, 1987.

I conducted my audit in accordance with generally accepted auditing standards and Government Auditing Standards issued by the U.S. General Accounting Office. Those standards require that I 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 the Sisters of St. Joseph-St. Paul Center, Inc. is the responsibility of the organization's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatements, I performed tests of the Sisters of St. Joseph-St. Paul Center, Inc.'s compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of my audit of the financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, I do not express such an opinion.

The results of my 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 management and its grantor agencies. However, this report is a matter of public record and distribution is not limited.

Respectfully submitted,



Donald C. DeVille

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

September 23, 1997

Mr. Kathleen Manliquer, Director
The Sisters of St. Joseph-St. Paul Center, Inc.
Baton Rouge, Louisiana

I have audited the financial statements of the Sisters of St. Joseph-St. Paul Center, Inc. as of and for the year ended June 30, 1997, and have issued my report thereon dated September 23, 1997.

I conducted my 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, Audits of Institutions of Higher and Other Nonprofit Institutions. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether about whether the financial statements are free of material misstatement.

The management of the Sisters of St. Joseph-St. Paul Center, Inc. is responsible for establishing and maintaining a system of internal accounting control. 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 my audit of the financial statements of the Sisters of St. Joseph-St. Paul Center, Inc. for the year ended June 30, 1967, I obtained an understanding of the internal control structure. With respect to the internal control structure, I obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and I assessed control risk in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, I do not express such an opinion.

My 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 reportable condition in which the design or operation of the specific internal control structure elements does not reduce to a relative 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. I noted no matters involving the internal control structure and its operation that I consider to be a material weakness defined above.

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

Respectfully submitted,

Donald C. Dredelle

Donald C. DeVille

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MEMBER IIA, ICFE

INDEPENDENT AUDITOR'S REPORT ON THE INTERNAL CONTROL STRUCTURE USED IN ADMINISTERING FEDERAL FINANCIAL ASSISTANCE PROGRAMS

September 23, 1997

Dr. Kathleen Bahlinger, Director
The Sisters of St. Joseph-St. Paul Center, Inc.
Baton Rouge, Louisiana

I have audited the general purpose financial statements of the Sisters of St. Joseph-St. Paul Center, Inc., as of and for the year ended June 30, 1997, and have issued my report thereon dated September 19, 1997.

I conducted my 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 and Other Nonprofit Institutions*. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

In planning and performing my audits for the year ended June 30, 1997, I considered the Sisters of St. Joseph-St. Paul Center, Inc.'s internal control structure in order to determine my auditing procedures for the purpose of expressing my opinion on the Sisters of St. Joseph-St. Paul Center, Inc., general purpose financial statements and on to report on the internal control structure in accordance with OMB Circular A-133. This report addresses my considerations of internal control structure policies and procedures relevant to compliance with requirements applicable to federal financial assistance programs. I have addressed internal control structure policies and procedures relevant to my audit of the general purpose financial statements in a separate report dated September 23, 1997.

The management of the Sisters of St. Joseph-St. Paul Center, Inc. is responsible for establishing and maintaining a system of internal accounting control. 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 general purpose financial statements in accordance with generally accepted accounting principles, and that federal financial

assistance 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, I have classified the significant internal accounting and administrative controls used in administering federal financial assistance programs in the following categories:

| | |
|--------------------|------------------------------|
| General Ledger | Activities Allowed-Unallowed |
| Cash Receipts | Allowable Costs |
| Equipment | Cash Management |
| Receivables | Eligibility |
| Accounts Payable | Financial Reports |
| Cash Disbursements | Special Requirements |
| Payroll | |

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

During the year ended June 30, 1993, the Sisters of St. Joseph-St. Paul Center, Inc. had no major federal financial assistance programs and expended 100 percent of its total federal financial assistance under the following nonmajor federal financial assistance programs: Jobs and Adult Education.

I 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 I have considered relevant to preventing or detecting material non-compliance 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 federal financial assistance programs. My procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, I do not express such an opinion.

My 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 reportable condition in which the design or operation of the specific internal control structure elements does not reduce to a relative 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. I noted no matters involving the internal control structure and its operation that I consider to be a material weakness defined above.

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

Respectfully submitted,



Donald C. DeVille

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH SPECIFIC REQUIREMENTS APPLICABLE TO NONMAJOR
FEDERAL FINANCIAL ASSISTANCE PROGRAM TRANSACTIONS**

September 23, 1997

Mr. Kathleen Mahlinger, Director
The Sisters of St. Joseph-St. Paul Center, Inc.
Baton Rouge, Louisiana

I have audited the general purpose financial statements of the Sisters of St. Joseph-St. Paul Center, Inc. as of and for the year ended June 30, 1997, and have issued my report thereon dated September 23, 1997.

In connection with my audit of the June 30, 1997 general purpose financial statements of Sisters of St. Joseph-St. Paul Center, Inc. and with my consideration of Sisters of St. Joseph-St. Paul Center, Inc. control structure used to administer federal financial assistance programs, as required by Office of Management and Budget Circular A-133, Audits of Institutions of Higher and Other Nonprofit Institutions, I selected certain transactions applicable to certain nonmajor federal financial assistance programs for the year ended June 30, 1997. As required by OMB Circular A-133, I have performed auditing procedures to test compliance with the requirements governing types of services allowed or unallowed; eligibility; and other special test that are applicable to these transactions. My procedures were substantially less in scope than an audit, the objectives of which is the expression of an opinion on Sisters of St. Joseph-St. Paul Center, Inc. compliance with these requirements. Accordingly, I 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 Sisters of St. Joseph-St. Paul Center, Inc. had not complied, in all material respects, with those requirements.

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

Respectfully submitted,



Donald C. DeVille

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH THE GENERAL REQUIREMENTS APPLICABLE TO
FEDERAL FINANCIAL ASSISTANCE PROGRAMS**

September 23, 1997

Sr. Kathleen Behlinger, Director
The Sisters of St. Joseph-St. Paul Center, Inc.
Baton Rouge, Louisiana

I have audited the financial statements of the Sisters of St. Joseph-St. Paul center, Inc., as of and for the year ended June 30, 1997, and have issued my report thereon dated September 23, 1997.

I have applied procedures to test the Sisters of St. Joseph-St. Paul Center, Inc.'s compliance with the following requirements applicable to its financial assistance programs, which are identified in the schedule of federal awards, for the year ended June 30, 1997: activities allowed-unallowed, allowable cost, cash management, eligibility, financial reports and special Requirements.

My procedures were limited to the applicable procedures described in the Office of Management and Budget's Compliance Supplement for Single Audits of State and Local Governments. My procedures were substantially less in scope than an audit, the objectives of which is the expression of an opinion on the Sisters of St. Joseph-St. Paul Center, Inc.'s compliance with the requirements listed in the preceding paragraph. Accordingly, I do not express such an opinion.

With respect to the items tested, the results of these 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 Sisters of St. Joseph-St. Paul Center, Inc. had not complied, in all material respects, with these requirements.

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

Respectively submitted,

