

BAINTREE SERVICES, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDING JUNE 30, 1997 AND 1996

	1997	1996
	—1997—	(Continued)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase in Net Assets	\$ 487,182	\$ 157,808
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	39,454	41,779
(Gain)/loss on sales and maturities of investments	(39,882)	(4,511)
Unrealized (gains)/losses on investments	(217,498)	(364,169)
(Gains)/losses on sales of property and equipment	337	4,632
(Increase)/decrease in operating assets:		
Service fees receivable	23,589	(36,095)
Accrued interest receivable	(2,698)	684
Prepaid and other	(23,094)	601
Increase (Decrease) in operating liabilities:		
Accounts payable	10,812	5,821
Resident's savings	7	117
Payroll taxes payable	(1,812)	... 310
NET CASH PROVIDED BY OPERATING ACTIVITIES	368,197	22,077
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(152,888)	(170,814)
Proceeds from sales and maturities of investments	221,795	69,157
Purchases of property and equipment	(4,885)	(7,769)
Proceeds from sales of property and equipment	—	29,814
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	63,997	20,388
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	432,194	42,465
BEGINNING CASH AND CASH EQUIVALENTS	382,826	382,479
ENDING CASH AND CASH EQUIVALENTS	\$ 815,020	\$ 424,944

See notes to financial statements.

RAINTREE SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 1997 AND 1996

A. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of activities

Raintree Services, Inc. (the "Agency") a non-profit organization incorporated under the laws of the State of Louisiana, provides services and support to children through young adults in the community. The Agency provides these services through five programs: The Raintree House Program, The Therapeutic Family Care Program (formerly Raintree Family Care Program), the Case Management Program, the Drug-Free Schools Program, and the Regular Family Care Program. The majority of funding for the Raintree House Program, the Therapeutic Family Care Program, the Case Management Program, and the Regular Family Care Program is through contracted rates with various agencies in the State of Louisiana for services provided. For the years ended June 30, 1997 and 1996, the Agency received a sub-grant funded by the Federal Government from the Governor's Council on Drug-Free Schools and Communities.

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 these estimates.

Cash and cash equivalents

For the purposes of the statements of cash flows, the Agency considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the statement of financial position. Investment income or loss (including gains and losses on investments, interest, and dividends) is included in the statement of activities as increases or decreases in unrestricted net assets unless the income is restricted by donor or law.

Property and equipment

Property and equipment acquired prior to 1979, which primarily consists of the land and building, are recorded at their appraised fair market value at June 30, 1979 because historical costs were not available. Other items of property and equipment are recorded at fair market value at date of donation, if donated, and at cost, if purchased. Depreciation is computed using the straight-line method over the estimated useful life of each asset.

Bain, Finkelman, Sogans & Co., L.L.P.
Certified Public Accountants and Consultants

MEMBER OF
American Institute of CPAs
Society of Louisiana CPAs
Private Company Practice Section
of the American Institute of CPAs
Accounting Group International
Associate in Principal Cities Worldwide

Ray Finkelman, Jr., CPA
Walter M. Bain, CPA
Mark G. Sogans, Jr., CPA
David J. Boring, FR, CPA
Gregory J. Hefner, CPA

* A Professional Accounting Corporation

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

To the Board of Directors
Bainco Services, Inc.
New Orleans, Louisiana

We have audited the financial statements of Bainco Services, Inc., as of and for the years ended June 30, 1997 and 1996, and have issued our report thereon dated September 24, 1997.

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.

Compliance with laws, regulations, contracts and grants applicable to Bainco Services, Inc. is the responsibility of Bainco Services, Inc.'s management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of Bainco Services, Inc.'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 Bureau of Consolidated Educational Programs, Office of Educational Support Programs and the Legislative Auditor. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Bain, Finkelman, Sogans & Co.

Certified Public Accountants
September 24, 1997

To the Board of Directors
Raintree Services, Inc.
Page Two

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 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 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 Bureau of Consolidated Educational Programs, Office of Educational Support Programs and the Legislative Auditor. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Kevin P. Williams, CPA, CFE

Certified Public Accountant
September 24, 1997

Bain, Frelingers, Nagena & Co., L.L.P.
Certified Public Accountants and Consultants

MEMPHIS

One World Center Building, Suite 1000

Building at 1000 World Center

Private Companies Practice Group

of the AICPA/CPA Institute for CPA's

Accounting Group International

(Association of Principals/Partners Worldwide)

Tim Frelingers, Jr., CPA*

Ellen M. Bain, CPA*

Michael Nagena, Jr., CPA*

David J. Baum, III, CPA*

Gregory J. Hoffman, CPA*

* A Professional Accounting Corporation

**INDEPENDENT AUDITOR'S 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
Rainbow Services, Inc.
New Orleans, Louisiana

We have audited the financial statements of Rainbow Services, Inc. as of and for the years ended June 30, 1997 and 1996, and have issued our report thereon dated September 24, 1997.

We conducted our audits 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 Rainbow Services, 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 audits of the financial statements of Rainbow Services, Inc. for the years ended June 30, 1997 and 1996, 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.

BAINBRIDGE SERVICES, INC.**SCHEDULES OF FEDERAL AWARDS****YEARS ENDED JUNE 30, 1997 AND 1998**

	Federal CFDA Number	Program Amount	Revenue Recognized	Federal Expended
Year ended June 30, 1997:				
U.S. Department of Education, Flow through Program Governor of Louisiana, Governor's Drug-Free Program				
	84.144	\$12,800	\$14,000	\$14,000
Year ended June 30, 1998:				
U.S. Department of Education, Flow through Program Governor of Louisiana, Governor's Drug-Free Program				
	84.144	\$20,000	\$17,000	\$17,000

Rain, Frohman, Sagers & Co., L.L.P.
Certified Public Accountants and Chartered

MEMBER
American Institute of CPAs
Faculty of Louisiana CPAs
Fellow Chartered Institute of CPAs
of the AICPA Division for CPAs Intern
Accounting Group Institute of
Chartered in Financial Cities (Member)

Charles Rain, Jr., CPA
William M. Rain, CPA
Rick D. Sagers, Jr., CPA
David L. Hump, III, CPA
Gregory J. Bolles, CPA

* A Professional Accounting Corporation

**INDEPENDENT AUDITOR'S REPORT ON
SCHEDULES OF FEDERAL AWARDS**

To The Board of Directors
Rainbow Services, Inc.
New Orleans, Louisiana

We have audited the financial statements of Rainbow Services, Inc. (a non-profit organization) for the years ended June 30, 1997 and 1996, and have issued our report thereon dated September 24, 1997. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these 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. These 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 amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Schedules of Federal Awards for the years ended June 30, 1997 and 1996 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

Rain, Frohman, Sagers & Co.

Certified Public Accountants
September 24, 1997

RAINTREE SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 1977 AND 1976

(Continued)

4. DESIGNATION OF NET ASSETS

Included in net assets are amounts designated as endowment funds which are to be used for capital improvements. The Board retains control over and may at its discretion subsequently use these funds for other purposes. Activity of the endowment consists of the following:

	1977	1976
Beginning balance	\$543,321	\$183,708
Income recognized	283,384	187,315
Contributions received	158,858	26
Proceeds from sale of rental property	-	58,334
Distributions	(115,000)	(8,500)
Foreign taxes	____(223)	____(162)
Ending balance	\$869,340	\$360,321

RAINTREE SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 1997 AND 1996

(Continued)

F. RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets are available for the following specific purposes:

	1997	1996
Building Restoration	\$ 3,485	\$ 3,341

G. PENSION PLAN

Substantially all of the employees of Raintree Services, Inc. are covered by a money purchase annuity pension plan. The Agency's policy has been to fund the annuities monthly. Pension plan contributions for the years ended June 30, 1997 and 1996 were \$8,000 and \$2,781, respectively.

H. CREDIT RISK

The Agency has invested \$217,484 at June 30, 1997 and \$190,517 at June 30, 1996 in a money market fund. Under the provisions of Financial Accounting Standards Statement No. 143, the Agency is exposed to a concentration of credit risk in these same amounts which are not insured.

I. ECONOMIC DEPENDENCY

The Agency receives approximately 85% of its program revenues through the State of Louisiana, Department of Social Services (DSS) in the form of a per diem rate set by this office. Should the contracted services be discontinued or the per diem contract rate be substantially reduced, the Agency would be required to look to other sources of funding in order to maintain its present level of service.

(Continued)

HAINTREE SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 1997 AND 1996

(Continued)

D. INVESTMENTS - Continued

Investment return included in the statements of activity is summarized as follows:

	1997	1996
UNRESTRICTED:		
Interest	\$ 27,861	\$ 23,115
Dividends	25,838	24,175
Royalties	235	188
Gain on sales and maturities	29,862	4,582
Unrealized gains	113,688	368,789
	407,080	330,847
RESTRICTED:		
Interest	154	152
TOTAL INVESTMENT RETURN	\$407,234	\$330,409

Included in the above amounts at June 30, 1997 and 1996 are stocks for which the Agency has no cost records. Costs for these stocks has been estimated at \$14,080 as of June 30, 1997 and 1996. Because investments are measured at fair value, any differential between estimated cost and actual cost would have no effect on the basic financial statements.

Gains totaling \$33,862 were realized on the sales and maturities of investments during 1997 on net proceeds of \$121,795 and a net book value of \$181,933. Gains totaling \$4,582 were realized on the sales and maturities of investments during 1996 on net proceeds of \$89,152 and a net book value of \$64,560.

E. PROPERTY AND EQUIPMENT

A summary of property and equipment is as follows:

	Estimated Useful Life	1997	1996
Land	N/A	\$ 98,800	\$ 98,800
Buildings and improvements	20 years	604,540	604,540
Furniture and equipment	3 to 7 years	158,849	154,685
		862,189	858,025
Less accumulated depreciation		649,070	649,312
		\$213,119	\$208,713

(Continued)

RAINTREE SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 1997 AND 1996

(Continued)

B. TEMPORARY CASH INVESTMENTS

Included in cash and cash equivalents are temporary cash investments summarized as follows:

	1997	1996
The Reserve Fund, Inc., Primary Fund	\$185,818	\$ 71,648
The Reserve Fund, Inc., Primary Fund Endowment Account	108,185	25,328
The Reserve Fund, Inc., Primary Fund Restoration Fund	3,437	3,343
	\$322,608	\$100,312

Amounts in the endowment account are designated by the Board of Directors for capital investments. The Board retains control over and may at its discretion subsequently use these funds for other purposes.

C. SERVICE FEES RECEIVABLE

Service fees receivable consists primarily of amounts due from various governmental agencies. All accounts are considered fully collectible by management. Accordingly, no provision for doubtful accounts is considered necessary.

D. INVESTMENTS

At June 30, 1997 and 1996, marketable securities consisted of the following:

	1997			1996		
	Cost	Market	Unrealized Gain(Loss)	Cost	Market	Unrealized Gain(Loss)
Stocks -						
Unaffiliated	\$226,058	\$ 489,382	\$273,363	\$254,997	\$ 478,033	\$193,036
Designated	383,878	420,945	445,889	319,553	517,783	197,238
Bonds - (Corporate)						
Unaffiliated	176,312	221,698	45,386	232,338	208,376	(4,962)
	\$822,312	\$1,681,313	\$764,898	\$820,278	\$1,206,692	\$376,312

(Continued)

BAIRDRE REFINERS, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 1997 AND 1996

(Continued)

**A. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -
(Continued)**

Revenue recognition

Contributions are recognized when the donor makes a promise to give to the Agency that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets and are reclassified to unrestricted net assets if and when the restriction expires.

Donated materials and equipment are recorded as contributions at their estimated value at date of receipt. Donated services have not been reflected in the financial statements since no objective basis is available to measure the value of such services. Nevertheless, a substantial number of volunteers donate significant amounts of their time in the Agency's program and supporting services.

Investments

In 1997, Statement of Financial Accounting Standards (SFAS) No. 124, "Accounting for Certain Investments Held by Not-for-Profit Organizations", became effective. SFAS No. 124, requires that investments in equity securities with readily determinable fair values and all investments in debt securities be reported at fair value with gains and losses included in the statement of activities. As permitted by this statement, the Agency has retroactively applied this statement by restating the beginning unrestricted net assets and total net assets for 1996. The effect of this statement was to increase beginning unrestricted net assets and total net assets for 1996 by \$128,363, and increasing the change in net assets for 1996 by \$185,368.

Income taxes

The Agency has received a letter of determination from the Internal Revenue Service advising that it qualifies as a non-profit corporation under Section 501(c)(3) of the Internal Revenue Code, and therefore, it is not subject to income tax.

Reclassification

Certain amounts in the 1996 financial statements have been reclassified to conform with the presentation adopted for 1997.

(Continued)

BAYVIEW SERVICES, INC.
STATEMENT OF OPERATIONAL EXPENSES
YEAR ENDING JUNE 30, 1975

	Salaries	Transportation	Drug Free	Cases	Supplies	General and	Total
	Expense	Family Care	Scholarship	Management	Family Care	Administrative	
	\$	\$	\$	\$	\$	\$	\$
Advertising and promotion							
Bank charges	328	-	-	960	318	473	1,729
Commodities	5,150	-	-	-	-	-	5,150
Contracted services	20,875	-	15,884	488	-	-	37,247
Dietary expenses	-	900	-	-	-	-	900
Donations and subscriptions	12,515	3,606	-	1,201	972	189	20,803
Health insurance	2,800	-	-	-	-	1,628	4,428
Housing and family	16,201	378	-	377	52	11,078	28,036
License and permits	44	412	-	161	278	18	893
Medical	1,266	805	-	-	28	-	2,109
Other	-	152,817	628	-	-	1,708	155,153
Phone expenses	11,214	3,017	-	3,487	1,184	1,067	19,969
Printing and reproduction	1,268	414	-	-	-	998	2,680
Professional absent months	10,421	-	-	-	-	-	10,421
Print operation and maintenance:							
Depreciation	25,764	-	28	524	-	11,341	37,657
Maintenance, building and grounds	-	-	-	-	-	3,142	3,142
Outside services	1,176	-	-	-	-	68	1,244
Repairs, building and grounds	1,673	-	-	-	-	2,868	4,541
Supplies, furniture and equipment	881	-	-	-	-	2,617	3,498
Supplies	27	-	-	-	-	880	907
Utilities	74,825	-	-	-	-	5,815	80,640
Postage	-	-	-	-	-	2,336	2,336
Printing and office supplies	-	-	-	-	-	2,789	2,789
Professional services	698	-	-	207	-	5,869	6,774
Property tax	2,719	-	-	-	-	25,876	28,595
Miscellaneous expenses	148,762	48,126	-	45,271	6,237	19,234	262,630
Salaries	-	-	-	-	-	3,792	3,792
Telephone	-	-	-	-	-	13,375	13,375
Transportation and traveling supplies	6,879	3,479	-	498	2,109	-	12,965
Transportation	3,081	-	-	-	-	-	3,081
Travel and entertain	-	2,771	283	4,237	188	1,488	8,867
	\$ 198,888	\$ 198,116	\$ 51,742	\$ 99,471	\$ 17,277	\$ 61,172	\$ 479,566

See notes to financial statements

BACHTSMELEBOODS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2012

	Salaries	Temporary Employment	Drug Test Rebates	Case Management	Public Private Care	General and Administrative	Total
Advertising and promotion							
Bank charges	798	217	-	103	187	103	1,408
Consultant	4,178	-	-	-	-	9,437	13,615
Contracted portion	-	760	11,850	678	3,813	-	17,098
Display expenses	14,976	-	-	-	-	-	14,976
Direct and indirect costs	2,949	288	-	-	-	419	3,656
Health Insurance	2,989	4,998	-	3,045	3,813	19,849	24,695
Housekeeping and Laundry	15,008	-	-	-	-	-	15,008
Insurance	913	213	-	162	119	15,949	17,255
Interest	1,100	-	-	115	819	15	2,139
Other	-	126	119	-	-	1,188	1,433
Travel expenses	18,116	213,867	-	-	62,450	5,476	287,910
Equity taxes	153	1,791	-	4,112	1,499	2,919	4,565
Finance and technology	9,893	798	-	362	-	6,416	17,469
Food operation and maintenance							
Registration	26,113	-	23	119	-	12,178	38,433
Maintenance, buildings and grounds							
Outside services	1,944	-	-	-	-	3,286	5,230
Repairs, buildings and grounds	1,241	-	-	-	-	1,718	2,959
Supplies, fixtures and equipment	1,218	-	-	-	-	9,031	10,249
Supplies	31	-	-	-	-	227	258
Utilities	17,894	-	-	-	-	5,703	23,597
Printing and office supplies	-	-	-	-	-	3,203	3,203
Professional services	-	-	-	432	-	6,582	7,014
Property Tax	28	-	-	-	-	9,208	9,236
Recruitment expenses	1,260	48,815	-	15,866	15,973	183,112	264,927
Salaries	126,181	-	-	-	-	3,898	130,079
Telephone	-	-	-	581	1,698	265	2,864
Therapies and training supplies	4,411	3,343	-	-	-	-	7,754
Transportation	4,162	1,661	473	1,852	1,498	2,281	10,267
Travel and seminars							
	\$ 283,962	\$ 360,316	\$ 11,963	\$ 98,125	\$ 27,992	\$ 11,478	\$ 785,836

See notes to financial statements

RAINTREE SERVICES, INC.**STATEMENTS OF ACTIVITIES****YEARS ENDED JUNE 30, 1997 AND 1996**

	<u>1997</u>	<u>1996</u>
UNRESTRICTED NET ASSETS:		
Revenue and Support:		
Respite Home program	\$ 308,568	\$ 300,707
Therapeutic family care program	342,492	365,162
Drug-free schools program	14,980	17,998
Case management program	55,645	71,388
Regular family care program	805,773	34,183
Contributions	239,654	44,957
Investment return	467,086	230,347
Rent, net	-	894
Loss on sale of property and equipment	6370	64,234
Other	<u>528</u>	<u>119</u>
TOTAL UNRESTRICTED REVENUE AND SUPPORT	1,408,411	1,059,829
EXPENSES:		
Respite Home program	257,984	294,838
Therapeutic family care program	368,830	299,119
Drug - free schools program	13,989	14,742
Case management program	68,187	58,611
Regular family care program	92,984	13,277
General and administrative	<u>213,012</u>	<u>185,750</u>
TOTAL EXPENSES	973,986	876,767
INCREASE IN UNRESTRICTED NET ASSETS	434,425	183,062
TEMPORARILY RESTRICTED NET ASSETS:		
Investment return - building construction	<u>154</u>	<u>152</u>
INCREASE IN TEMPORARILY RESTRICTED NET ASSETS	154	152
INCREASE IN NET ASSETS	449,181	183,214
NET ASSETS AT BEGINNING OF YEAR, AS RESTATED	1,669,712	1,527,994
NET ASSETS AT END OF YEAR	\$2,118,893	\$1,711,208

See notes to financial statements.

RAINTRIE SERVICES, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 1997 AND 1996

	1997	1996
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 272,543	\$ 141,656
Service fees receivable	125,968	149,277
Account receivable	4,770	2,112
Prepaid and other	20,662	1,948
TOTAL CURRENT ASSETS	423,943	295,993
INVESTMENTS	1,691,347	1,216,802
PROPERTY AND EQUIPMENT	172,219	208,430
	\$2,287,509	\$1,721,225
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Due to GCS	\$ 20,933	\$ 20,933
Accounts payable	15,454	70,466
Residual's savings	129	122
Payroll taxes withheld and payable	—	1,513
TOTAL CURRENT LIABILITIES	36,516	93,034
NET ASSETS:		
Unrestricted	1,194,399	1,675,171
Temporarily Restricted	3,485	3,141
Permanently Restricted	—	—
TOTAL NET ASSETS	1,197,884	1,678,312
TOTAL LIABILITIES AND NET ASSETS	\$2,287,509	\$1,721,225

See notes to financial statements

Bain, Fitchmann, Sogona & Co., L.L.P.
Certified Public Accountants and Consultants

One Fritchman, Jr., City*
Suite 201, Baton Rouge, LA 70802
Mark G. Sogona, Jr., CPA*
David S. King, III, CPA*
Gregory J. Phillips, CPA*

*A. International Accounting Corporation

MEMBER
American Institute of CPAs
State of Louisiana CPA
Private Companies Practice Section
of the AICPA Division for CPAs, Inc.
Accounting Group International
Association of Principal Cities Chartered

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Rainbow Services, Inc.
New Orleans, Louisiana

We have audited the accompanying statements of financial position of Rainbow Services, Inc. (a non-profit organization) as of June 30, 1997 and 1998, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our 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 amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion the financial statements referred to in the first paragraph present fairly the financial position of Rainbow Services, Inc. as June 30, 1997 and 1998, and the results of its operations and changes in its cash flows for the years then ended, in conformity with generally accepted accounting principles.

Bain, Fitchmann, Sogona & Co.

Certified Public Accountants
September 24, 1997

BAINTREE SERVICES, INC.

JUNE 30, 1997 AND 1998

CONTENTS

	<u>PAGE</u>
FINANCIAL STATEMENTS:	
Independent Auditor's Report	1
Statements of Financial Position	2
Statements of Activities	3
Statement of Functional Expenses - June 30, 1997	4
Statement of Functional Expenses - June 30, 1998	5
Statements of Cash Flows	6
Notes to Financial Statements	7
ADDITIONAL INFORMATION:	
Independent Auditor's Report on Schedule of Federal Awards	13
Schedule of Federal Awards	14
ADDITIONAL REPORTS:	
Independent Auditor's Report on Internal Control Structure Based on an Audit of Basic Financial Statements Performed in Accordance with Government Auditing Standards	15
Independent Auditor's Report on Compliance Based on an Audit of Basic Financial Statements Performed in accordance with Government Auditing Standards	17

**OFFICIAL
FILE COPY
DO NOT REMOVE**

These necessary
copies from this
copy and FILED
HERE TO FILE

BAINBRIDGE SERVICES, INC.

**REPORT ON AUDIT OF
FINANCIAL STATEMENTS**

YEARS ENDED JUNE 30, 1987 AND 1988

Under provisions of state law, this report is a public document. A copy of this report shall be submitted to the court clerk, reviewed, and filed with the state public officials. This 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 JAN 2 1 1989

STATE OF LOUISIANA
LEGISLATIVE AUDITOR
BATON ROUGE, LOUISIANA