STRIVE INCORPORATED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 1997

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets-	$ 105,406
Adjustments to reconcile change in net assets to net cash provided by operating activities-	
Depreciation	60,517
Accretion of discount on investments	(10,567)
Change in unrealized gains on investments	(6,426)
Cumulative effect of change in accounting principle	(14,211)
Changes in assets and liabilities-	
Accounts receivable	12,724
Inventory	(1,816)
Prepaid expenses	(2,241)
Other assets	80
Accounts payable and accrued liabilities	(8,198)
Net cash provided by operating activities	135,268
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of property and equipment	(43,858)
Purchase of investment securities	(298,844)
Maturity of investment securities	371,000
Net cash provided by investing activities	28,298
NET INCREASE IN CASH	163,566
CASH, at beginning of year	273,657
CASH, at end of year	$ 437,223

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

STRIVE INCORPORATED

TEMPORARILY RESTRICTED FUND

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED JUNE 30, 1997

	1997
REVENUE	$ 2,917
EXPENSES	3,089
	(172)
CHANGE IN UNREALIZED GAINS ON INVESTMENTS	3,710
INCREASE IN NET ASSETS BEFORE CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	3,538
CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	14,211
INCREASE IN NET ASSETS	17,749
NET ASSETS AT BEGINNING OF YEAR	94,258
NET ASSETS AT END OF YEAR	$112,007

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

STRIVE INCORPORATED

UNRESTRICTED FUND

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED JUNE 30, 1997

	Program Services				Support Services	
	Community Housing (Miller Manor)	Daycare and Workshop (Project Strive)	Social Activities (Miller Center)	Total	Administrative and General (Guild)	Total
REVENUES AND OTHER SUPPORT:						
Contracts	$ 314,844	$687,493	$ -	$1,002,337	$ -	$1,002,337
Contributions	-	300	2,500	2,800	2,267	5,067
Rental income	-	-	16,679	16,679	-	16,679
Interest	10,241	10,033	-	20,274	109	20,383
Transportation	-	6,445	-	6,445	-	6,445
Dues	-	-	-	-	3,895	3,895
Other	3,413	34,401	145	37,959	455	38,414
Total revenues and other support	328,498	738,672	19,324	1,086,494	6,726	1,093,220
EXPENSES:						
Program services	287,109	670,268	37,282	994,659	-	994,659
Support services	-	-	-	-	13,620	13,620
Total expenses	287,109	670,268	37,282	994,659	13,620	1,008,279
EXCESS OF REVENUES OVER EXPENSES	41,389	68,404	(17,958)	91,835	(6,894)	84,941
CHANGE IN UNREALIZED GAINS ON INVESTMENTS	2,716	-	-	2,716	-	2,716
CHANGE IN NET ASSETS	$ 44,105	$ 68,404	$(17,958)	$ 94,551	$ (6,894)	87,657
NET ASSETS AT BEGINNING OF YEAR						1,342,896
NET ASSETS AT END OF YEAR						$1,430,553

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

STRIVE INCORPORATED

BALANCE SHEET

AS OF JUNE 30, 1997

ASSETS

	Unrestricted Fund	Temporarily Restricted Fund	Total
CURRENT ASSETS:			
Cash and cash equivalents	$ 425,509	$ 11,714	$ 437,223
Short-term investments, at fair value (Notes 2 and 3)	301,560	-	301,560
Accounts receivable	120,164	456	120,620
Inventory	7,460	-	7,460
Prepaid expenses	28,702	-	28,702
Total current assets	883,395	12,170	895,565
PROPERTY AND EQUIPMENT (Note 4):			
Land	112,500	-	112,500
Buildings and improvements	969,460	-	969,460
Furniture, fixtures and equipment	183,610	-	183,610
Automotive equipment	62,444	-	62,444
	1,328,014	-	1,328,014
Less: Accumulated depreciation	(710,233)	-	(710,233)
Net property and equipment	617,781	-	617,781
INVESTMENTS, at fair value (Note 3)	-	99,837	99,837
OTHER ASSETS	843	-	843
Total assets	$1,502,019	$112,007	$1,614,026

LIABILITIES AND NET ASSETS

	Unrestricted Fund	Temporarily Restricted Fund	Total
CURRENT LIABILITIES:			
Accounts payable	$ 32,217	$ -	$ 32,217
Accrued salaries and leave	38,999	-	38,999
Other liabilities	250	-	250
Total current liabilities	71,466	-	71,466
NET ASSETS:			
Temporarily restricted	-	112,007	112,007
Unrestricted	1,430,553	-	1,430,553
Total net assets	1,430,553	112,007	1,542,560
Total liabilities and net assets	$1,502,019	$112,007	$1,614,026

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

[illegible]

UNRESTRICTED FUND

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 1997

	Program Services				Support Services	
	Community Housing (Miller Manor)	Daycare and Workshop (Project Strive)	Social Activities (Miller Center)	Total	Administrative and General (Guild)	Total
Salaries	$ 118,403	$446,953	$11,752	$ 579,108	$ -	$ 579,108
Payroll taxes	8,254	34,248	851	43,353	-	43,353
Professional fees and contract services	17,711	14,389	149	32,249	-	32,249
Allowance to clients	2,736	-	-	2,736	-	2,736
Workshop expense	43,200	-	-	43,200	-	43,200
Bed tax expense	22,965	-	-	22,965	-	22,965
Transportation	3,345	31,641	-	34,986	-	34,986
Training of staff	409	2,158	-	2,567	-	2,567
Insurance	17,883	54,178	4,710	76,771	-	76,771
Administrative supplies	2,840	11,745	122	14,707	957	15,664
Meals	11,228	24	139	11,391	12	11,403
Maintenance and repairs	4,200	8,310	1,394	13,904	2,820	16,724
Project costs	4,890	-	-	4,890	-	4,890
Utilities and telephone	7,125	16,155	10,403	33,683	-	33,683
Travel	241	2,497	-	2,738	-	2,738
Other expense	2,188	11,863	843	14,894	9,831	24,725
Total expenses before depreciation	267,618	636,161	30,363	934,142	13,620	947,762
Depreciation of property and equipment	19,491	34,107	6,919	60,517	-	60,517
Total expenses	$ 287,109	$670,268	$37,282	$ 994,659	$ 13,620	$1,008,279

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

Permanently Restricted Fund - This fund is not used as Strive has not received any permanently restricted contributions and does not own any permanently restricted assets.

Income Tax Status

Strive is exempt from the payment of Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and, therefore, has no provision for Federal income taxes.

Cash and Cash Equivalents

For purposes of reporting cash flows, cash includes certificates of deposit and highly liquid investments with original maturities of three months or less.

Inventory

Inventory is stated at the lower of cost, determined principally by the first-in, first-out method, or market

Investments

Effective July 1, 1996, Strive changed its accounting for investments from lower of cost or market to fair value in accordance with Financial Accounting Standards Board Statement No. 124 entitled "Accounting for Certain Investments Held by Not-for-Profit Organizations." The cumulative effect of the change as of July 1, 1996 is shown in the current year Statement of Activities. Changes in unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities.

3. INVESTMENTS

Strive's investments are stated at fair market value and are summarized below:

	Unrestricted	Temporarily Restricted	Total
Equity Securities	$ -	$ 72,571	$ 72,571
Federal Treasury Obligations	301,560	27,266	328,826
Total	$ 301,560	$ 99,837	$401,397

4. PROPERTY AND EQUIPMENT:

At June 30, 1997, the cost, accumulated depreciation and estimated useful lives of property and equipment were as follows:

	Estimated Useful Life	Cost	Accumulated Depreciation	Book Value
Land	-	$ 112,500	$ -	$ 112,500
Buildings and improvements	31.5	969,460	517,313	452,147
Furniture, fixtures and equipment	5-10	183,610	139,188	44,422
Automotive equipment	3	62,444	53,732	8,712
Total		$1,328,014	$ 710,233	$ 617,781

Strive's property and equipment is being depreciated utilizing the straight-line method over their estimated useful lives.

STRIVE INCORPORATED

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 1997

1. ORGANIZATION AND OPERATIONS:

Strive Incorporated ("Strive"), formerly Sophie L. Gumbel Guild, is a voluntary health and welfare organization providing housing, training and recreational services to adults with developmental disabilities. Strive provides housing for adults in Miller Manor, day care and training for adults through Project Strive, and social training and recreation for adults at Miller Activity Center. The majority of Strive's revenue is derived from the State of Louisiana and private contracts with businesses in the New Orleans metropolitan area.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Presentation/Use of Estimates

The financial statements are prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Generally accepted accounting principles require management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Description of Net Assets Classification

"Financial Statements of Not-For-Profit Organizations" adopted by Strive effective July 1, 1995, requires that net assets and changes in net assets be reported for three classifications - permanently restricted, temporarily restricted and unrestricted - based on the existence or absence of donor-imposed restrictions.

Fund accounting is used to recognize restrictions and limitations which donors place on grants and other gifts as well as designations made by Strive's governing board. Contributions are considered to be unrestricted funds unless restricted by the donor. A donor restriction ends when a time restriction is met or a purpose restriction is accomplished. As restrictions are met, assets are reclassified to unrestricted net assets or permanently restricted net assets and reported as net assets released from restriction in the statement of activities. The funds presented in the financial statements are as follows:

Unrestricted Fund - The Unrestricted Fund is the general operating fund of Strive used to account for all financial resources and assets except those required to be accounted for in another fund. Donor restricted contributions on which restrictions are met in the same reporting period are reported as unrestricted support.

Temporarily Restricted Fund - The Temporarily Restricted Fund consists of a bequest made to Strive during the year ended June 30, 1991. In accordance with the terms of the bequest, the principal amount will be maintained by the trustee until expended for medical and psychological evaluations, physical and occupational therapy, special adaptive equipment and prosthetic devices for retarded citizens in need of financial help.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Board of Directors
of Strive Incorporated:

We have audited the accompanying statement of financial position of Strive Incorporated ("Strive", a Louisiana not-for-profit corporation), 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 Strive'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 and the standards applicable to financial audits contained in 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 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 Strive as of June 30, 1997, and the changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued herewith our report dated September 5, 1997 on our consideration of Strive's internal control over financial reporting and our tests on its compliance with certain provisions of laws, regulations, contracts and grants.

As discussed in Note 2 to the financial statements, Strive changed its method of accounting for investments in 1997 to comply with provisions of Statement No. 124 of the Financial Accounting Standards Board.

Arthur Andersen LLP

New Orleans, Louisiana,
September 5, 1997

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STRIVE INCORPORATED
FORMERLY KNOWN AS SOPHIE L. GUMBEL GUILD

FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1997
TOGETHER WITH AUDITORS' REPORT

There were no suggestions noted for the audit of the period June 30, 1996, however, Strive has improved its controls during the current year and all the previous years' suggestions have been implemented

This letter is intended solely for the use of management, the Board of Directors, the Legislative Auditor of the State of Louisiana, and grantor agencies. This restriction is not intended to limit the distribution of this letter, which is a matter of public record.

To the extent that the Legislative Auditor of the State of Louisiana and grantor agencies intend to rely upon this letter, such reliance should take into account the limited basis on which our recommendations were developed, as described above, and the limitations inherent in the internal control structure. In addition, the Legislative Auditor of the State of Louisiana and grantor agencies should understand that the criteria used by us in considering the internal control structure could differ significantly from the criteria which may be used for their purposes.

We appreciate the courtesies and cooperation extended to our representatives during the course of their work. We would be pleased to discuss these recommendations in greater detail or otherwise assist in their implementation.

Very truly yours,

ARTHUR ANDERSEN LLP

By Toby Summerour

Toby Summerour

ARTHUR ANDERSEN

Arthur Andersen LLP

Suite 4500
201 St Charles Avenue
New Orleans LA 70170-[illegible]
504 581 5454

September 12, 1997

To the Board of Directors of
Strive Incorporated
1139 Napoleon Avenue
New Orleans, LA 70115

Ladies and Gentlemen:

As part of our audit of the financial statements of Strive Incorporated ("Strive") for the year ended June 30, 1997 we considered Strive's internal control structure to the extent we felt necessary for the purpose of providing a basis for reliance thereon in determining the nature, timing and extent of the audit tests applied in connection with our audit of Strive's 1997 statements. Our consideration of the internal control structure did not entail a detailed study and evaluation of any of its elements and was not made for the purpose of making detailed recommendations or evaluating the adequacy of Strive's internal control structure to prevent or detect errors and irregularities. Because of inherent limitations in any internal control structure, errors and irregularities may occur and not be detected. Furthermore, projection of any evaluation of the internal control structure to future periods is subject to the risk that it may become inadequate because of changes in conditions or deterioration in its operating effectiveness.

While the purpose of our consideration of the internal control structure was not to provide assurances thereon, we noted the following matter that we want to report to you. This matter was considered by us during our audit and does not modify the opinion expressed in our auditors' report dated September 5, 1997.

Data Backup Procedures

To mitigate the risk of losing critical business data, computer backups should be performed regularly. We noted that these backups are currently being performed, however the backup tapes are not being stored off-site. An adequate control would be for a responsible individual to store the tapes in a secure, fire-resistant cabinet off-premises. This will prevent the loss of information critical for financial reporting and required reporting to various grantor agencies.

ARTHUR ANDERSEN LLP

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STRIVE INCORPORATED
FORMERLY KNOWN AS SOPHIE L. GUMBEL GUILD

MEMORANDUM OF SUGGESTIONS FOR IMPROVEMENT IN INTERNAL CONTROL STRUCTURE

JUNE 30, 1997

INDEPENDENT AUDITORS' REPORT ON THE
INTERNAL CONTROL STRUCTURE OF STRIVE AS AN ENTITY

To the Board of Directors
of Strive Incorporated:

We have audited the financial statements of Strive Incorporated ("Strive") as of and for the year ended June 30, 1997, and have issued our report thereon dated September 5, 1997. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Strive's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Strive's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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

Arthur Andersen LLP

New Orleans, Louisiana,
September 5, 1997

5. SIGNIFICANT CONTRACTS:

For the year ended June 30, 1997, approximately $281,000 of contract revenue was received from the State of Louisiana Department of Health and Hospitals, $116,000 of contract revenue was received from the State of Louisiana Department of Social Services and $357,000 of contract revenue was received from the Louisiana Medical Assistance Program. The State provides annual contracts to Strive which grant the State the right to audit program accounts and activities. Management believes that Strive is in compliance with the provisions of these contracts and that the findings of an audit, if any, would not have a material impact on the financial statements.