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**INDUSTRIES OF AMERICA,
SPECIALTY BAYOU BOUGE, INC.,
BAYOU SERVICES OF GREATER
BAYOU BOUGE, INC., AND BAYOU BOUGE
BUSINESS DEVELOPMENT CORPORATION**

JUNE 26, 1968

BAYOU BOUGE, LOUISIANA

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 Bayou Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release **CONFEE 2-4-1968** _____

CONTENTS

Audited Financial Statements:

Independent Auditor's Report.....	Page 1 - 2
Combining Statement of Financial Position.....	3
Combining Statement of Activities.....	4
Combining Statement of Functional Expenses.....	5
Combining Statement of Cash Flows.....	6
Notes to Financial Statements.....	7 - 16

Supplementary Schedule:

Statement of Activities for Special Programs.....	17
Schedule of Expenditures of Federal Awards.....	18 - 19
Independent Auditor's Report on Compliance and on the Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.....	20 - 21
Independent Auditor's Report on Compliance with Requirements Applicable to Its Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133.....	22 - 23
Schedule of Findings and Questioned Costs.....	24



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MEMBERSHIP IN OTHER SOCIETIES

August 23, 1998

Independent Auditor's Report

Board of Directors
Volunteers of America, Greater Baton
Rouge, Inc., Human Services of
Greater Baton Rouge, Inc.,
and Baton Rouge Housing Development
Corporation
Baton Rouge, Louisiana

We have audited the accompanying Combining Statement of Financial Position of Volunteers of America, Greater Baton Rouge, Inc., Human Services of Greater Baton Rouge, Inc. and Baton Rouge Housing Development Corporation as of June 30, 1998, and the related Combining Statements of Activities, Functional Expenses, and Cash Flows for the year then ended. These financial statements are the responsibility of the Organizations' management. Our responsibility is to express an opinion on these financial statements based on our audit. Information for the year ended June 30, 1997 is presented for comparative purposes only and was extracted from the financial statements for that year, on which an unqualified opinion, dated August 22, 1997 was expressed.

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 accompanying financial statements referred to above present fairly, in all material respects, the financial position of Volunteers of America, Greater Baton Rouge, Inc., Human Services of Greater Baton Rouge, Inc., and Baton Rouge Housing Development Corporation as of June 30, 1998, and the changes in net assets 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 our report dated August 31, 1998 on our consideration of the Volunteers of America, Greater Baton Rouge, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the financial statements of the Organization taken as a whole. The accompanying Schedule of Expenditures of Federal Awards (as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations) and the Statement of Activities for Special Programs is presented for purposes of additional analysis and are not a required part of the financial statements of Volunteers of America, Greater Baton Rouge, Inc. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Respectfully submitted,

Harold T. Bourgeois, CPA

Volunteers of America,
Greater Baton Rouge, Inc.,
Human Services of Greater Baton Rouge, Inc. and
Baton Rouge Housing Development Corporation

COMBINED STATEMENT OF FINANCIAL POSITION

as of June 30, 1998
with comparative totals for 1997

<u>ASSETS</u>	<u>VOLUNTEERS OF AMERICA, GREATER BATON ROUGE, INC.</u>	<u>HUMAN SERVICES OF GREATER BATON ROUGE, INC.</u>
Current Assets:		
Cash	\$ 278,248	\$ 13,061
Accounts Receivable Less Allowance of \$25,000 in 1998 and 1997	1,027,466	16,753
Prepaid Expenses	3,857	-
Land and Buildings Held for Resale	-	-
Total Current Assets	1,301,671	29,814
Land, Buildings and Equipment, at Cost Less Accumulated Depreciation of \$559,145 and \$482,426 for 1998 and 1997	719,979	389,627
Baton Rouge Area Foundation, at Fair Value	145,274	-
Other Assets	50,615	48
Total Assets	\$2,213,539	\$ 817,292
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts Payable	\$ 225,240	\$ 59,381
Other Liabilities	383,968	5,657
Agency Funds Payable	53,974	-
Notes Payable (Due Within One Year)	332,183	22,242
Total Current Liabilities	895,265	87,280
Long-Term Liabilities:		
Notes Payable (Due After One Year)	459,351	570,982
Net Assets:		
Unrestricted	896,383	153,018
Temporarily Restricted	5,212	-
Permanently Restricted	6,550	-
Total Net Assets	908,145	153,018
Total Liabilities and Net Assets	\$2,213,539	\$ 817,292

The accompanying notes are an integral part of this statement.

Volunteers of America,
Greater Baton Rouge, Inc.,
Human Services of Greater Baton Rouge, Inc. and
Baton Rouge Housing Development Corporation

COMBINED STATEMENT OF ACTIVITIES

For the Year Ended June 30, 1998
with comparative totals for 1997

	VOLUNTEERS OF AMERICA, GREATER BATON ROUGE, INC.			
	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>PERMANENTLY RESTRICTED</u>	<u>TOTAL</u>
Revenue from Operations:				
Public Support Received Directly:				
Contributions	\$ 55,465	\$ 17,790	\$ 6,550	\$ 79,805
Special Events	55,850	13,535	-	69,385
Public Support Received Indirectly:				
United Way	120,248	-	-	120,248
Volunteers of America Awards and Grants	-	18,348	-	18,348
Total Public Support	414,368	128,271	6,550	549,189
Revenue and Grants from Govern- mental Agencies	6,777,454	-	-	6,777,454
Other Revenue:				
Program Service Fees	114,381	-	-	114,381
Bequest Income	78,878	-	-	78,878
Rent/Leases	397,385	-	-	397,385
Net Assets Released from Restrictions	281,271	118,271	-	-
Total Revenue from Operations	7,546,532	246,542	6,550	7,899,624
Operating Expenses:				
Employment Services	322,874	-	-	322,874
Health and Rehabilitation	2,418,888	-	-	2,418,888
Food, Clothing, and Shelter	85,000	-	-	85,000
Education	85,300	-	-	85,300
Construction	607,929	-	-	607,929
Family Life	1,782,882	-	-	1,782,882
Total Program Services	6,302,323	-	-	6,302,323
Management and General	618,499	-	-	618,499
Fund Raising	87,882	-	-	87,882
Total Supporting Services	706,381	-	-	706,381
Administrative Fees Paid to National Organizations	207,062	-	-	207,062
Total Operating Expenses	7,215,866	-	-	7,215,866
Revenue Medical from Operations	118,805	155,800	4,550	279,155
Non-Operating Gains (Losses) and Other Income:				
Investment Income (Net of Expenses of \$5,728)	18,320	120	-	18,440
Gain (Loss) on Sale of Asset	18,320	-	-	18,320
Unrealized Gain on Investments	11,851	-	-	11,851
Surplus from Other Activities	18,453	128	-	18,581
Change in Net Assets	148,459	156,028	4,550	309,037
Net Assets - Beginning of Year	747,814	60,804	-	808,618
Net Assets - End of Year	\$ 896,273	\$ 116,832	\$ 4,550	\$ 1,017,655

The accompanying notes are an integral part of this statement.

<u>RADSON HOUSE</u> <u>HOUSING DEVELOPMENT</u> <u>CORPORATION</u>	<u>ELIMINATIONS</u>	<u>1998</u> <u>COMBINED</u> <u>TOTALS</u>	<u>1997</u> <u>COMBINED</u> <u>TOTALS</u>
\$ 1,738	\$ -	\$ 285,187	\$ 88,092
-	165,237	918,983	988,647
-	-	3,957	33,736
<u>192,406</u>	<u>-</u>	<u>292,604</u>	<u>-</u>
194,404	165,237	1,868,652	3,115,475
-	-	2,503,402	1,296,880
-	-	145,374	122,832
-	-	<u>50,675</u>	<u>50,388</u>
<u>\$ 194,404</u>	<u>\$ 685,237</u>	<u>\$3,160,803</u>	<u>\$2,544,585</u>
\$ 5,819	\$ 685,237	\$ 320,383	\$ 184,883
-	-	389,897	320,882
-	-	13,974	23,448
<u>182,328</u>	<u>-</u>	<u>540,252</u>	<u>268,288</u>
187,143	685,237	1,870,426	777,503
-	-	1,823,333	817,774
7,281	-	1,056,582	889,284
-	-	5,132	60,004
-	-	<u>6,890</u>	<u>-</u>
<u>7,281</u>	<u>-</u>	<u>3,068,344</u>	<u>940,388</u>
<u>\$ 194,404</u>	<u>\$ 685,237</u>	<u>\$3,160,803</u>	<u>\$2,544,585</u>

**FOUNDER'S OF AMERICA,
 GEORGE BROWN FOUND. INC.,
 HOME DIVISION OF GEORGE BROWN FOUND. INC. AND
 BROWN HOME HOUSING DEVELOPMENT CORPORATION**

COMBINED STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 1968
 WITH COMPARATIVE TOTALS FOR 1967

FOUNDER'S OF AMERICA, INC.

	GENERAL SERVICES					TOTAL
	COMPARATIVE 1967	1968 1967	1968 1967	1968 1967	1968 1967	
Salaries	\$ 170,450	\$2,475,478	\$ 8,724	\$ 14,507	\$ 22,712	\$2,507,461
Medical Expense	7,711	20,763	122	-	1,214	28,810
Travel Expense	12,480	26,326	222	10	21,188	59,826
Office Expenses	12,184	112,267	222	1,111	22,724	136,448
Telephone	4,221	122,125	12,222	22,222	1,222	137,592
Legal Fees	222	22	222	-	-	444
Audit and Accounting Fees	-	-	-	-	-	-
Supplies and Expenses	2,222	122,222	1,222	2,222	21,222	127,110
Printing	2,222	22,222	222	-	2,222	26,666
Postage	2,222	22,222	222	-	2,222	26,666
Contractor Expenses (Interest)	2,222	122,222	22,222	2,222	22,222	151,110
Equipment rental and maintenance	2,222	22,222	222	2,222	2,222	51,110
Printing and Postage	222	2,222	222	2,222	222	5,110
Travel	2,222	12,222	222	2,222	22,222	29,110
Conference	222	2,222	-	2,222	222	5,110
Office Supplies	22,222	22,222	22,222	-	222	67,110
Other	2,222	22,222	-	-	222	26,666
Depreciation and Amortization	2,222	22,222	222	-	2,222	51,110
Total Functional Expenses	\$ 222,222	\$2,522,222	\$ 22,222	\$ 22,222	\$ 22,222	\$2,594,910

Additional expenses may
 have been incurred
 but not reported.

Total Expenses

The accompanying notes are an integral part of this statement.

PUBLIC SERVICES OF GREATER BAYVIEW BOUND, INC.			BAYVIEW BOUND HOUSING DEVELOPMENT CORPORATION		1998	1997
RESTRICTED	TEMPORARILY RESTRICTED	TOTAL	RESTRICTED	UNRESTRICTED	COMBINED TOTAL	COMBINED TOTAL
\$	\$	\$	\$	\$	\$	\$
-	-	-	-	-	166,800	187,324
-	-	-	-	-	46,346	46,822
-	-	-	-	-	329,238	325,934
-	35,558	35,558	-	-	52,362	-
-	35,558	35,558	-	-	542,933	539,128
-	-	-	-	-	6,777,408	6,817,898
371,533	-	371,533	-	-	514,351	198,063
3,543	-	3,543	-	-	175,132	74,476
329,655	-	329,655	-	-	68,444	34,833
35,558	126,564	-	-	-	516,924	567,828
158,249	-	158,249	-	-	7,476,211	7,389,626
-	-	-	-	-	122,874	168,281
-	-	-	-	-	2,488,884	2,426,757
128,379	-	128,379	-	-	261,599	170,128
-	-	-	-	-	55,538	94,875
-	-	-	-	-	597,918	511,215
-	-	-	-	-	2,281,368	2,323,241
128,379	-	128,379	-	-	4,818,708	4,772,744
28,447	-	28,447	3,843	-	649,788	608,543
28,447	-	28,447	3,843	-	83,853	33,413
-	-	-	-	-	787,793	648,956
-	-	-	-	-	207,063	191,962
146,819	-	146,819	3,843	-	7,783,545	7,123,583
11,453	-	11,453	(3,843)	-	93,748	179,431
123	-	123	-	-	38,382	38,384
-	-	-	-	-	16,377	1,350
323	-	323	-	-	51,633	50,634
31,888	-	31,888	13,843	-	15,906	21,958
181,420	-	181,420	20,304	-	298,403	294,428
155,818	-	155,818	7,263	-	958,532	758,655
					81,268,244	81,948,288

Volunteers of America,
 Greater Baton Rouge, Inc.,
 Human Services of Greater Baton Rouge, Inc. and
 Baton Rouge Housing Development Corporation

COMBINED STATEMENT OF CASH FLOWS
 For the Year Ended June 30, 1998
 with comparative totals for 1997

	<u>VOLUNTEERS OF AMERICA, GREATER BATON ROUGE, INC.</u>	<u>HUMAN SERVICES OF GREATER BATON ROUGE, INC.</u>
Cash Flows From Operating Activities:		
Change in Net Assets	\$ 190,147	\$ 11,548
Adjustments to Reconcile Change in Net Cash Used by Operating Activities:		
Depreciation	76,388	27,673
Net Unrealized Gains/Loss on Long-Term Investments	(11,651)	-
Provision for Bad Debts	9,888	-
(Gain) Loss on Disposition of Fixed Assets	6,327	-
Changes in Current Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	14,581	(15,823)
(Increase) Decrease in Other Assets	(177)	-
(Increase) Decrease in Land and Buildings Held For Sale	25,892	687
(Increase) Decrease in Prepaid Expenses	-	-
(Increase) Decrease in Accounts Payable	(58,640)	3,158
(Increase) Decrease in Other Liabilities	78,588	2,882
(Increase) Decrease in Agency Funds Payable	525	-
Net Cash Provided by (Used in) Operating Activities	241,881	28,176
Cash Flows From Investing Activities:		
Purchases of Fixed Assets	(151,497)	(288,849)
Proceeds from Sale of Fixed Assets	48,823	-
Purchases of Investment	(18,822)	-
Net Cash Used in Investing Activities	(121,496)	(288,849)
Cash Flows from Financing Activities:		
Proceeds from Issuance of Long-Term Debt	188,404	248,000
Payment of Note Payable	(116,881)	(113,422)
Net Cash Provided by Financing Activities	71,523	134,578
Net Increase (Decrease) in Cash and Cash Equivalents	291,908	128,292
Cash and Cash Equivalents - Beginning of Year	82,756	23,306
Cash and Cash Equivalents - End of Year	\$ 374,664	\$ 151,601
Supplemental Disclosures of Cash Flow Information:		
Cash Payments for Interest	\$ 68,164	\$ 12,261

The accompanying notes are an integral part of this statement.

BAYON BOUCE HOUSING DEVELOPMENT CORPORATION		ELIMINATIONS	1996 COMBINED TOTALS	1997 COMBINED TOTALS
\$ (3,843)	\$ -		\$ 588,453	\$ 194,428
-	-		583,678	65,483
-	-		611,488	616,488
-	-		9,638	18,385
-	-		6,327	13,258
-	8,037		7,427	1328,318
-	-		(2775)	2,420
-	-		28,778	8,813
(10,428)	-		138,428	-
5,858	(9,817)		188,488	77,488
-	-		78,615	9,788
-	-		525	(258,723)
17,852)	-		263,465	18,553
-	-		4823,348	6437,277
-	-		86,888	3,258
-	-		(10,332)	(4,853)
-	-		(568,588)	(441,497)
21,800	-		453,488	588,551
(22,800)	-		(149,888)	(182,325)
5,800	-		303,498	435,246
(882)	-		198,365	18,688
2,658	-		88,743	82,768
\$ 1,778	\$ -		\$ 285,101	\$ 86,082
\$ -	\$ -		\$ 80,425	\$ 36,578

Volunteers of America,
Greater Baton Rouge, Inc.,
Human Services of Greater Baton Rouge, Inc. and
Baton Rouge Housing Development Corporation

NOTES TO FINANCIAL STATEMENTS

June 30, 1998

Note 1 - Summary of Significant Accounting Policies :

Organization

Volunteers of America, Greater Baton Rouge, Inc. ("the Organization") is a not-for-profit Christian Human services agency, recognized as a church, incorporated in the State of Louisiana which provides social services within the Greater Baton Rouge and Southeast Louisiana areas under a charter from Volunteers of America, Inc., a national religious not-for-profit corporation. Human Services of Greater Baton Rouge, Inc. ("the Organization") is a not-for-profit organization incorporated in the State of Louisiana which operates as a property holding corporation for Volunteers of America, Greater Baton Rouge, Inc. Effective July 1, 1997 the operations of the Baton Rouge Housing Development Corporation were transferred over to Volunteers of America, Greater Baton Rouge, Inc. The assets and liabilities were transferred over at that date and are reflected in these financial statements. Also recorded are the revenues and expenses for the year ended June 30, 1998, Baton Rouge Housing Development Corporation ("the Organization") is a not-for-profit organization incorporated in the State of Louisiana which operates as a property holding corporation of low income single family dwellings held for resale to qualified individuals.

Principles of Combination

The financial statements include the accounts of Volunteers of America, Greater Baton Rouge, Inc. and the related organizations, Human Services of Greater Baton Rouge, Inc. and Baton Rouge Housing Development Corporation and have been combined in accordance with Statement of Position 94-3, Reporting of Related Entities by Not-for-Profit Organizations.

Basis of Accounting

The Organizations prepare their financial statements on the accrual basis of accounting. Accordingly, revenues are recognized when earned and expenses are recognized when incurred.

Basis of Presentation

Financial statement presentation follows the recommendation of the Financial Accounting Standards Board on its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, the Organizations are required to report information regarding their financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets, as applicable.

Property and Equipment

Land, buildings and equipment purchased by the Organizations are recorded at cost. The organizations follow the practice of capitalizing all expenditures for land, buildings and equipment in excess of \$500. The fair value of donated fixed assets is similarly capitalized. Depreciation is provided on the straight-line method based upon the estimated useful lives of the assets.

The Organizations expense purchases of property bought with funds from cost reimbursement grants from various State and Federal agencies. Special provisions contained in the State contracts specify that ownership of all property purchased shall revert back to the grantor after a specified term or under certain conditions pursuant to the contractual agreement.

Land and Buildings Held for Sale

Land and Buildings of Baton Rouge Housing Development Corporation are held for resale. These assets are valued at cost which approximates market.

Cash Equivalents

The Organizations consider all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents, unless held for reimbursement as part of the investment portfolio, pledged to secure loan agreements or otherwise encumbered.

Investments

Investments in all debt and equity securities with readily determinable fair value are reported at their fair value. All other investments are reported at historical cost, if purchased, or, if contributed, at fair value at the date of contribution.

Contributions

All contributions are considered available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes, depending on the nature of the restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose of restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received as assets, decreases of liabilities, or expense depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Contributed Services

The Organizations recognize contribution revenue for certain services received at the fair value of those services provided those services create or enhance nonfinancial assets or require specialized skills which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. During the year ended June 30, 1998, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded.

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.

Federal Income Taxes

Volunteers of America, Greater Baton Rouge, Inc., Human Services of Greater Baton Rouge, Inc., and Baton Rouge Housing Development Corporation are exempt from federal income taxes as subordinate units of Volunteers of America, Inc. Volunteers of America, Inc. is exempt from federal income taxes under Section 501(c) of the Internal Revenue Code as a religious organization described in Section 501(c)(3).

Note 2 - Related Parties -

Volunteers of America, Greater Baton Rouge, Inc. is affiliated with Volunteers of America, Inc. which provides administrative services to the Organization for a fee. Administrative fees for the fiscal year ended June 30, 1998 totaled \$277,068. The Organization owes Volunteers of America, Inc. fees of \$20,300 at June 30, 1998, which is included in accounts payable as reflected in these financial statements. In addition, the Organization received an endowment grant from Volunteers of America, Inc. in the amount of \$52,500, of which \$16,948 was recorded in Volunteers of America, Greater Baton Rouge, Inc. and \$35,552 was recorded in Human Services of Greater Baton Rouge, Inc.

Human Services of Greater Baton Rouge, Inc. has recorded land, buildings, and leasehold improvements of the America Street, Balls Street, Harry Drive, Brosville Street, Kosselien, MidCity and Silver Lake properties in its financial statements. At June 30, 1998, Human Services of Greater Baton Rouge, Inc. owes Volunteers of America, Greater Baton Rouge, Inc. \$69,428. This amount has been eliminated in these combining financial statements.

Baton Rouge Housing Development Corporation acts as a property holding corporation of low income single family dwellings held for resale. At June 30, 1998, Baton Rouge Housing Development Corporation owes Volunteers of America, Greater Baton Rouge, Inc. \$8,818. This amount has been eliminated in these combining financial statements.

Furthermore, Volunteers of America, Greater Baton Rouge, Inc. acts as a management agent for four U.S. Department of Housing and Urban Development HUD housing complexes - Baton Rouge VOA Living Centers, Inc., Baton Rouge Residential Center, Inc., Lake Charles Living Center,

Inc. and Welsh Elderly Housing, Inc. At June 30, 1988, these organizations owed Volunteers of America, Greater Boston Region, Inc. \$34,878, \$831, 49 and \$12,787, respectively. These amounts are included in accounts receivable as reflected in these financial statements.

Note 3 - Notes Payable -

Notes Payable of Volunteers of America, Greater Boston Region, Inc. are detailed as follows:

DUE WITHIN DUE AFTER
ONE YEAR ONE YEAR

Note dated May 12, 1984 with an original balance of \$145,880 payable in monthly installments of \$1,848 during the first twelve month period. This includes interest at a rate of 10%. Interest fluctuates annually based on the weekly average yield on U. S. Treasury Securities. The maximum aggregate amount of increase or decrease in the interest rate payable during the term of the loan shall not be greater than 50%; also, the increase or decrease in any given year shall not be greater than 2%. This note matures June 1, 2008 and is collateralized by property at 827 America St. held by Human Services of Greater Boston Region, Inc. Boston Region, Inc.

\$ 8,132 \$ 81,217

Note dated September 1, 1992 with an original principal balance of \$132,880 payable in 180 monthly installments of \$1,242 which includes interest at a rate of 9%. The note is collateralized by land and building on Brasilia Lane.

6,317 86,609

Note dated November 26, 1980 with an original principal balance of \$80,000 payable on demand, or if no demand is made, in 60 monthly installments of \$932 which includes interest at a rate of 11.5% and the balance due on the last installment date. This note was refinanced on August 21, 1997 at an interest rate of 12%. The note is collateralized by land and building on Westmoreland Street.

6,358 42,608

Note dated November 21, 1990 with an original principal balance of \$34,980 payable on demand, or if no demand is made, in 60 monthly installments of \$498 which includes

	<u>DUE WITHIN</u>	<u>ONE YEAR</u>	<u>DUE AFTER</u>	<u>ONE YEAR</u>
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interest at a rate of 11.54 and the balance due on the last installment date. This note was refinanced on August 21, 1997 at an interest rate of 10%. The note is collateralized by land and building on Cade Street.

	1,605	8,707
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Note dated December 28, 1996 with an original principal balance of \$100,000 payable in 120 monthly installments of \$2,843 which includes interest at a rate of 10%. The note is collateralized by land and building on Wooddale Boulevard.

	14,127	168,121
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Note dated April 8, 1997 with an original principal balance of \$21,463 payable in 60 monthly installments of \$428 which includes interest at a rate of 8.7%. The note is collateralized by a 1997 Chevrolet Van.

	1,837	13,345
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Note dated April 8, 1997 with an original principal balance of \$30,113 payable in 60 monthly installments of \$428 which includes interest at a rate of 8.7%. The note is collateralized by a 1997 Chevrolet Van.

	1,609	12,477
--	-------	--------

Line of Credit dated April 28, 1998 in the amount of \$400,000. Interest accrues at the index regional rate for Mercantile National Bank. Interest is due in 12 monthly payments and principal is due in one payment by April 30, 1999. The loan is collateralized by accounts receivable.

	377,283	-
--	---------	---

Note dated July 23, 1997 with an original principal balance of \$33,894 payable in 60 monthly installments of \$484 which includes interest at a rate of 7.75%. The note is collateralized by a 1997 Chevrolet Van.

	4,389	18,231
--	-------	--------

Note dated July 1, 1997 with an original principal balance of \$29,788 payable in 60 monthly installments of \$541 which includes interest at a rate of 8.85%. The note is collateralized by a 1997 GMC Van.

	<u>4,300</u>	<u>21,686</u>
--	--------------	---------------

	<u>8332,185</u>	<u>8450,351</u>
--	-----------------	-----------------

Notes Payable of Human Services of Greater Baton Rouge, Inc. are detailed as follows:

DUE WITHIN ONE YEAR DUE AFTER
ONE YEAR ONE YEAR

Note dated May 31, 1982 with the City of Baton Rouge-Parish of East Baton Rouge with an original principal balance of \$90,000 and a 0% interest rate. This is a deferred payment loan for which no payments are due for the first ten years of the loan. During the second 10 year period, 1/10th of the loan will be permanently forgiven each year that the building continues to be used for transitional housing or other related purposes. The note is collateralized by land and building on Brwildee Street.

\$ - \$ 90,000

Note dated May 23, 1988 with the City of Baton Rouge-Parish of East Baton Rouge with an original principal balance of \$88,000 and a 0% interest rate. Loan term is 240 months beginning with the first payment due on or by April 1, 1995. Semi-annual payments are due on October 1, and April 1, thereafter. The note is collateralized by land and building on Malls Forest.

4,400 83,200

Note dated December 29, 1984 with the City of Baton Rouge-Parish of East Baton Rouge with an original principal balance of \$150,840 and a 0% interest rate. Loan term is 240 months beginning with the first payment due on or by September 1, 1994. The note is collateralized by land and building on Harry Drive.

7,650 190,957

Note dated December 1, 1987 with Hibernia National Bank with an original principal balance of \$192,000 and a 8.75% interest rate. Loan term is 120 months beginning with the first payment due on or by January 3, 1998. The note is collateralized by land and building on River Road.

12,337 172,428

Note dated December 1, 1987 with a private investor with an original principal balance of \$48,000 and an interest rate of 8.5%. Loan term is 120 months beginning with the first payment due on or by January 1, 1998. This note will require balloon payment after 5 years. The note is collateralized by land and building on River Road.

2,316 43,335

\$ 27,243 \$670,983

Notes Payable of Baton Rouge Housing Development Corporation are detailed as follows:

DUE WITHIN ONE YEAR
ONE YEAR ONE YEAR

Loan agreement originally dated June 28, 1984 (and amended April 17, 1985 September 28, 1993 and September 29, 1998) with the City of Baton Rouge-Parish of East Baton Rouge with a maximum loan amount of \$320,000 and a 0% interest rate. The outstanding balance is due upon sale of the various properties. In the event, sale proceeds are less than the outstanding loan balance then only sales proceeds are due with remaining debt forgiven. In the event properties are converted to rental housing and or remain otherwise unsold after June 30, 1999, note will be converted to a permanent, term mortgage with monthly principal only payments for a term of up to 20 years. The note is collateralized by various land and buildings on North Street.

\$176,134 \$ -

Note dated March, 1984 with East Baton Rouge Housing Authority with original balance of \$25,000 and a 0% interest rate. The outstanding balance is due upon sale of the various properties.

5,000
\$181,134 \$ -

Note obligation maturities in years ended June 30, are as follows:

	<u>VOLUNTEERS OF AMERICA, GREATER BATON ROUGE, INC.</u>	<u>HUMAN SERVICES OF GREATER BATON ROUGE, INC.</u>
2000	\$ 61,014	\$ 33,625
2001	67,039	33,292
2002	64,859	35,115
2003	58,000	39,107
Thereafter	<u>121,520</u>	<u>410,840</u>
	<u>\$450,351</u>	<u>\$570,962</u>

Interest expense for the year ended June 30, 1998 amounted to \$68,338 for Volunteers of America, Greater Baton Rouge, Inc., \$12,364 for Human Services of Greater Baton Rouge, Inc., and \$0 for Baton Rouge Housing Development Corporation.

Note 4 - Minimum Lease Commitments -

The following is a schedule by years of future minimum rental payments required under operating leases that have initial or remaining noncancelable lease terms in excess of one year as of June 30, 1998:

(CONTINUED)

VOLUNTEERS OF AMERICA
GREATER BATON ROUGE, INC.

Year Ending June 30,
1998
2000

\$ 78,163
2,000
\$ 81,163

Total rental expense for the year ended June 30, 1998 for all operating leases was \$294,981 for Volunteers of America, Greater Baton Rouge, Inc., \$- for Human Services of Greater Baton Rouge, Inc., and \$0 for Baton Rouge Housing Development Corporation.

Note 5 - Restrictions on Net Assets -

Temporarily restricted net assets are available for the following purposes:

Capital Outlay	\$ 5,132
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Permanently restricted net assets consist of the following:

Family Fund Endowment	\$ 8,500
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Note 6 - Net Assets Released from Restrictions -

Net assets released from donor restrictions for incurring expenses satisfying the restricted purpose are as follows:

	VOLUNTEERS OF AMERICA, GREATER BATON ROUGE, INC.	HUMAN SERVICES OF GREATER BATON ROUGE, INC.
Donated Residence Baton Rouge Area Foundation	\$ 55,000	\$ -
VCA National Award and Grant	21,000	-
Local Churches	16,944	38,864
Local Churches	68,318	-
Fund Raising - Contributions	14,952	-
Miscellaneous - Other	<u>3,055</u>	-
	<u>\$181,271</u>	<u>\$ 38,864</u>

Note 7 - Investments -

In accordance with SFAS No. 124 "Accounting for Certain Investments Held by Not-For-Profit Organizations", investments are stated at market value. As June 30, 1998, investments have a market value of \$181,274 and a cumulative unrealized gain of \$25,894 since adoption of SFAS No. 124. The unrealized gain of \$11,453 and interest income of \$5,892 earned on this investment in the current year are reflected in the Statement of Activities. There were no investments held by Human Services of Greater Baton Rouge, Inc., and Baton Rouge Housing Development Corporation as of June 30, 1998.

Note 8 - Accrued Annual Leave -

Volunteers of America, Greater Baton Rouge, Inc. has recorded an estimated liability for accrued leave of an amount based on the total hours of leave accumulated at June 30, 1998, times the employees' hourly rate at June 30, 1998. Employees accrue hours based upon their length of service. No more than one hundred twenty hours of leave can be carried over from one year to another. Accrued leave in the amount of \$111,111 is included in the other liabilities account on the Statement of Financial Position.

Note 9 - Pension Plan - Mutual of America for Ministers -

Volunteers of America, Greater Baton Rouge, Inc. participates in a noncontributory defined benefit pension and retirement plan. The plan is administered through a commercial insurance company and covers all commissioned ministers. Pension plan expense was \$18,637 for the year ended June 30, 1998.

Because the plan is a multi-employer plan, the accumulated benefits and net assets available for benefits as they relate solely to Volunteers of America, Greater Baton Rouge, Inc. are not readily available.

Note 10 - Thrift Plan -

Volunteers of America, Greater Baton Rouge, Inc. established a Section 403(b) Thrift Plan effective January 1, 1992. The plan covers all employees with a minimum of one year of service. The Organization will contribute 3.25% of all participants' compensation and will match an amount equal to 50% of the basic employee contributions made by each participant limited to 3% of their wages. Employees will be 100% vested in the employer contribution upon completion of five years of service. The expense for the year ended June 30, 1998 was \$60,133.

Note 11 - Commitments and Contingencies -

Volunteers of America, Greater Baton Rouge, Inc. has an employee medical benefit plan to self-insure claims up to a maximum aggregate deductible computed based on actual participation. Claims exceeding this aggregate deductible amount are covered by a stop-loss reinsurance policy. The Organization and its covered employees contribute to the Plan to pay the claims and stop-loss reinsurance premiums.

Note 12 - Year 2000 -

The Organizations have considered the impact of Year 2000 issues on their computer systems and applications. Conversion activities are in progress and the Organizations' software vendors have notified the Organizations that the software is Year 2000 compliant. Expenses in the current year for the Year 2000 project were \$0 and the Organizations expect to incur no additional expenses.

note 13 - Concentration of Credit Risk :

Included in receivables are amounts due for program services provided to various agencies of the State of Louisiana and grant funds due from federal and state agencies. Allowances are provided for amounts estimated by management as uncollectible.

The Organizations maintain cash accounts with commercial banks which are insured by the Federal Deposit Insurance Corporation up to \$100,000. Periodically, cash may exceed the federally insured amount.

SUPPLEMENTARY SCHEDULE

Volunteers of America,
Greater Boston Region, Inc.

STATEMENT OF ACTIVITIES FOR SPECIAL PROGRAMS*

For the Year Ended June 30, 1988

Revenues from Operations:	
Public Support	\$ 148,384
Government Grants and Fees	101,300
United Way Allocation	129,336
Other	<u>32,282</u>
Total Revenues from Operations	411,402
Operating Expenses:	
Salaries	394,583
Employee Benefits	40,548
Payroll Taxes	28,584
Professional Fees	23,180
Supplies and Office Expenses	58,188
Administrative Expenses	72,928
Occupancy	69,481
Interest	3,425
Equipment Rental and Maintenance	2,751
Printing and Publications	882
Travel	6,326
Client Cash Subsidy	79,173
Miscellaneous	962
Depreciation	<u>10,535</u>
Total Operating Expenses	775,288
Change in Net Assets	\$ <u>36,217</u>

*Includes all programs of Volunteers of America, Greater Boston Region, Inc. which received Capital Area United Way Funding.

Note: For the fiscal year ended June 30, 1988, Family Emergency Shelter contributed \$4,808 of Capital Area United Way Funding to the Downtown Christian Outreach Center.

Volunteers of America,
Greater Baton Rouge, Inc.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

for the year ended June 30, 1988

<u>FEDERAL GRANTOR/ PASS - THROUGH GRANTOR/ PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>FEDERAL EXPENSES</u>
<u>U.S. Department of Housing and Urban Development</u>		
Direct Program		
Special Needs Assistance Program	N/A	\$ 26,213
Passed Through City Parish		
Emergency Shelter Grants Program	14.233	41,796
Passed Through Emergency Food and Shelter National Board Program		
Emergency Food and Shelter Program	N/A	2,191
Passed Through Louisiana Department of Health and Hospitals, Office of Mental Health		
FAMI	N/A	<u>38,103</u>
Total U.S. Department of Housing and Urban Development		148,303
<u>U.S. Department of Justice</u>		
Passed Through Louisiana Commission on Law Enforcement and Administration of Criminal Justice		
Emergency Evaluation and Treatment Program Subgrant 86-05-T.3-0339	16.575	19,123
88-05-T.3-0334	16.575	<u>20,952</u>
Total U.S. Department of Justice		40,074
<u>U.S. Department of Health and Human Services</u>		
Passed Through Louisiana Department of Social Services, Office of Community Services		
Family Based Services Reunification	93.667	186,493

CONTINUED

<u>FEDERAL QUANTON/ PASS - THROUGH QUANTON/ PROGRAM TITLE</u>	<u>FEDERAL CFDA CLASS</u>	<u>FEDERAL EXPENSE</u>
Family Based Services, Family Resource Center	93.404	180,988
Passed Through Louisiana Department of Health and Hospitals, Office of Mental Health FACT	93.892	<u>158,224</u>
Total U.S. Department of Health and Human Services		<u>446,714</u>
Total Federal Assistance		<u>\$ 638,132</u>

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON THE INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS



Hannis T. Bourgeois, L.L.P.

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August 31, 1998

Board of Directors
Volunteers of America, Greater Baton
Rouge, Inc.
Baton Rouge, Louisiana

We have audited the financial statements of Volunteers of America, Greater Baton Rouge, Inc. as of and for the year ended June 30, 1998, and have issued our report thereon dated August 31, 1998. 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 Volunteers of America, Greater Baton Rouge, Inc.'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 Volunteers of America, Greater Baton Rouge, Inc.'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 Board of Directors, management, the Office of the Louisiana Legislative Auditor and any cognizant agency and should not be used for any other purpose.

Respectfully submitted,

Nannio T. Bourgeois, CPA

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE TO ETS MAJOR PROGRAM
AND INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133



Hannis T. Bourgeois, L.L.P.

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August 21, 1998

Board of Directors
Volunteers of America, Greater Baton
Rouge, Inc.
Baton Rouge, Louisiana

Compliance

We have audited the compliance of Volunteers of America, Greater Baton Rouge, Inc. with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) circular A-133 Compliance Supplement that are applicable to its major federal program for the year ended June 30, 1998. Volunteers of America, Greater Baton Rouge, Inc.'s major federal program is identified in the summary of auditee's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of Volunteers of America, Greater Baton Rouge, Inc.'s management. Our responsibility is to express an opinion on Volunteers of America, Greater Baton Rouge, Inc.'s compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audit of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Volunteers of America, Greater Baton Rouge, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Volunteers of America, Greater Baton Rouge, Inc.'s compliance with those requirements.

In our opinion, Volunteers of America, Greater Baton Rouge, Inc. complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 1988.

Internal Control Over Compliance

The management of Volunteers of America, Greater Baton Rouge, Inc. is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Volunteers of America, Greater Baton Rouge, Inc.'s internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control 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 noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program 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 compliance and its operation that we consider to be material weaknesses.

This report is intended for the Board of Directors, management, the Office of the Louisiana Legislative Auditor and any cognizant agency, and should not be used for any other purpose.

Respectfully submitted,

Hannibal T. Bourgoin, CPA

Volunteers of America, Greater Baton Rouge, Inc.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

for the year ended June 30, 1978

As required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, the following is a summary of the results of our audit:

- * Type of report issued on financial statements - unqualified.
- * Type of report issued on compliance for major program - unqualified.
- * The results of audit procedures disclosed no material noncompliance in major programs.
- * The results of audit procedures disclosed no questioned costs.
- * Our audit disclosed no findings which are required to be reported under Section 510(a).
- * The following program was determined to be a Type B major program:

CIDA STUDIES

U.S. Department of Health and Human Services
Passed Through Louisiana Department of
Health and Hospitals, Office of Mental
Health

FACT

\$3,991

- * The dollar threshold used to distinguish between Type A and Type B programs was \$300,000 as specified under Section 520(b).
- * Volunteers of America, Greater Baton Rouge, Inc. qualified as a low risk auditee under Section 530.