

WISCONSIN
DIVISION OF
GREATER BAYON
BOULEVARD, INC.

UNRESTRICTED		ELIMINATIONS	1997 COMBINED TOTALS	1996 COMBINED TOTALS
\$	67,570	\$ -	\$ 107,324	\$ 76,768
	-	-	46,822	40,585
	-	-	323,974	317,022
	-	-	-	45,000
	67,570	-	508,120	479,375
	-	-	6,417,880	7,806,345
	-	-	150,863	161,130
	74,679	-	74,679	37,158
	152	-	38,816	63,013
	75,431	-	307,628	349,391
	-	-	-	-
	143,801	-	7,383,636	7,735,021
	-	-	358,291	358,227
	-	-	2,425,787	2,826,702
	62,132	-	570,128	189,646
	-	-	34,055	-
	-	-	811,235	193,786
	-	-	2,773,281	3,001,334
	62,132	-	6,293,744	7,034,365
	12,099	-	889,341	504,564
	-	-	37,217	8,278
	12,099	-	846,538	510,842
	-	-	181,901	205,165
	74,227	-	7,111,203	7,752,552
	88,734	-	172,431	619,531

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

COMBINED STATEMENT OF ACTIVITIES - (CONTINUED)

For the Year Ended June 30, 1997
 with comparative totals for 1996

VOLUNTEERS OF AMERICA,
 GREATER BATON ROUGE, INC.

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
Non-Operating Gains (Losses) and Other Income:			
Interest Income (Net of Expenses of \$1,130)	10,379	-	10,379
Gain (Loss) on Sale of Asset	1,250	-	1,250
Unrealized Gain on Investments	<u>18,438</u>	<u>-</u>	<u>18,438</u>
Surplus from Other Activities	21,993	-	21,993
Change in Net Assets	<u>\$ 120,638</u>	<u>\$ 5,004</u>	<u>\$ 125,642</u>

The accompanying notes are an integral part of this statement.

HUMAN
SERVICES OF
GREATER BAYON
BOULE, INC.

<u>UNRESTRICTED</u>	<u>ELIMINATIONS</u>	<u>1997 COMBINED TOTALS</u>	<u>1996 COMBINED TOTALS</u>
25	-	10,294	8,310
-	-	1,360	-
<u>-</u>	<u>-</u>	<u>10,434</u>	<u>2,300</u>
12	-	21,998	11,306
<u>\$ 60,789</u>	<u>\$ -</u>	<u>\$ 274,429</u>	<u>\$ 66,221</u>

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

COMBINED STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 1993
with comparative totals for 1992

DESCRIPTION OF SERVICES	FUNCTIONS OF ADMIN. EXPENSE						TOTAL
	ADMIN. AND GENERAL	COMM. CLOSING AND TRAVEL	EDUCATION	CONSERVATION	FAMILY LIFE		
Salaries	\$ 211,874	\$1,150,161	\$ 29,263	\$ 6,750	\$ 225,024	\$1,723,072	\$1,724,391
Pension Expense	4,150	24,248	503	-	2,244	31,145	30,713
Employee Benefits	27,524	81,187	-	70	24,088	132,869	134,194
Telephone Expense	18,508	187,487	1,873	413	23,083	231,364	234,204
Travel	3,127	148,148	3,688	10,145	1,203	166,311	166,304
Legal Fees	-	120	70	-	-	190	191
Audit and Accounting Fees	-	-	-	-	-	2,890	2,890
Supplies and Expenses	7,842	481,548	1,377	3,371	26,713	500,851	493,421
Postage	6,338	34,318	1,312	1,210	6,150	49,328	47,980
Printing	840	3,674	77	600	148	4,339	4,188
Education Expenses	11,314	177,841	10,816	1,594	27,076	228,641	231,571
Interest	1,877	21,274	-	-	-	23,151	22,706
Telephone Service and Miscellaneous	1,511	41,584	577	1,784	3,416	48,872	48,454
Printing and Publications	588	1,190	123	1,093	341	3,345	3,447
Travel	20,833	77,563	871	1,440	10,010	110,717	104,854
Conferences	3,574	7,384	80	524	2,740	14,302	14,021
Gifts	10,111	41,707	41,884	-	-	93,702	107,263
Other	-	82	-	-	1,948	2,030	2,030
Depreciation and Amortization	8,483	24,148	103	-	7,730	38,464	37,443
Total Functional Expenses	\$ 458,791	\$1,425,757	\$127,303	\$ 26,026	\$ 311,215	\$1,749,112	\$1,748,414

Administrative fees paid to National Organization

Total Expenses

The accompanying notes are an integral part of this statement.

BAYNE BUOY - INC.

HEALTH SERVICES OF GREATER BAYNE BUOY, INC.

<u>HEALTH SERVICES</u>		<u>TOTAL PROGRAM AND SUPPORTING SERVICES</u>		<u>SUPPORT SERVICES</u>		<u>PROGRAM REVENUE</u>			
<u>MANAGEMENT AND GENERAL</u>	<u>PROG-RAUNING</u>	<u>TOTAL</u>	<u>SUPPORTING SERVICES APPROX.</u>	<u>MANAGEMENT AND GENERAL</u>	<u>PROG. RAUNING AND SERVICES</u>	<u>TOTAL PROGRAM AND SUPPORTING SERVICES REVENUE</u>	<u>1971 COMBINED TOTAL</u>	<u>1972 COMBINED TOTAL</u>	
\$150,125	\$ 21,876	\$171,991	\$1,071,378	\$ 1,850	\$ -	\$ 1,850	\$1,072,774	\$1,280,128	
18,185	1,885	19,970	139,775	-	-	-	200,710	39,180	
15,885	8,408	24,293	132,217	-	-	-	232,917	264,208	
12,810	508	13,318	191,907	349	-	349	281,916	327,163	
50,040	1,862	51,902	378,441	6,495	-	6,495	378,914	568,168	
828	187	1,015	1,599	-	-	-	1,599	23,180	
20,940	-	20,940	35,000	-	-	-	35,000	23,000	
20,040	1,074	21,114	426,330	68	3,707	3,775	407,377	581,118	
15,488	80	15,568	111,744	-	-	-	111,744	171,890	
10,108	681	10,789	15,908	-	-	-	18,608	20,180	
63,472	333	63,805	439,318	314	38,501	38,815	512,714	573,170	
8,864	-	8,864	10,188	-	-	-	10,188	22,180	
8,000	-	8,000	15,418	-	-	-	15,418	26,470	
68,488	1,387	69,875	28,842	-	-	-	21,642	28,448	
8,483	777	9,260	122,350	-	-	-	204,732	175,120	
8,501	661	9,162	18,376	-	-	-	48,874	26,148	
240	-	240	185,428	-	-	-	287,628	188,688	
58,483	-	58,483	18,442	1,214	-	1,214	41,689	79,448	
1,828	384	2,212	18,710	-	21,886	21,886	70,811	58,128	
<u>\$167,200</u>	<u>\$ 27,237</u>	<u>\$194,437</u>	<u>1,445,075</u>	<u>\$17,875</u>	<u>\$ 61,523</u>	<u>\$ 79,397</u>	<u>1,618,562</u>	<u>1,967,180</u>	
			<u>186,800</u>				<u>181,860</u>	<u>201,100</u>	
			<u>\$7,000,000</u>				<u>\$7,111,000</u>	<u>\$7,792,100</u>	

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

COMBINED STATEMENT OF CASH FLOWS

For the Year Ended June 30, 1997
with comparative totals for 1996

	<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	\$ 129,840	\$ 68,789
Adjustments to Reconcile Change in Net Cash Used by Operating Activities:		
Depreciation	61,593	21,090
Net Unrealized (Gain) Loss on Long-Term Investment	(19,494)	-
Provision for Bad Debts	18,389	-
(Gain) Loss on Disposition of Fixed Assets	(1,250)	-
Changes in Current Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	(118,751)	(832)
(Increase) Decrease in Other Assets	2,460	(40)
(Increase) Decrease in Prepaid Expense	5,091	862
Increase (Decrease) in Accounts Payable	77,353	(374)
Increase (Decrease) in Other Liabilities	7,624	2,165
Increase (Decrease) in Agency Fund Payables	(208,729)	-
Net Cash Provided by (Used in) Operating Activities	(71,110)	91,663
Cash Flows From Investing Activities:		
Purchases of Fixed Assets	(355,999)	(81,807)
Proceeds from Sale of Fixed Assets	2,260	-
Purchases of Investment	(4,860)	-
Net Cash Used in Investing Activities	(358,600)	(81,807)
Cash Flows from Financing Activities:		
Proceeds from Issuance of Long-Term Debt	584,384	14,167
Repayment of Note Payable	(477,805)	(4,400)
Net Cash Provided by (Used in) Financing Activities	406,479	9,767
Net Increase (Decrease) in Cash and Cash Equivalents	(24,331)	19,423
Cash and Cash Equivalents - Beginning of Year	<u>88,862</u>	<u>3,733</u>
Cash and Cash Equivalents - End of Year	<u>\$ 64,531</u>	<u>\$ 23,156</u>
Supplemental Disclosure of Cash Flow Information:		
Cash Payments for Interest	<u>\$ 34,976</u>	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

ELIMINATIONS	1997 COMBINED TOTALS	1996 COMBINED TOTALS
\$ -	\$ 194,439	\$ 16,225
-	82,583	64,621
-	(10,454)	(2,868)
-	24,383	25,000
-	(1,250)	3,720
(736)	(120,319)	20,382
-	2,420	(2,854)
-	5,813	383
336	77,498	162,987
-	9,789	157,220
<u>-</u>	<u>(228,728)</u>	<u>227,224</u>
-	18,533	180,184
-	(437,797)	(157,469)
-	1,250	-
<u>-</u>	<u>(14,862)</u>	<u>(8,289)</u>
-	641,407	(164,467)
-	598,551	244,583
<u>-</u>	<u>(143,303)</u>	<u>(142,742)</u>
-	414,244	(223,876)
-	(8,608)	(209,977)
<u>-</u>	<u>92,700</u>	<u>102,637</u>
\$ -	\$ 84,692	\$ 32,780
<u>\$ -</u>	<u>\$ 36,976</u>	<u>\$ 13,894</u>

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

NOTES TO FINANCIAL STATEMENTS

June 30, 1987

Note 1 - Summary of Significant Accounting Policies -

Combination

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 Southwest 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.

Principles of Combination

The financial statements include the accounts of Volunteers of America, Greater Baton Rouge, Inc. and the related organization Human Services of Greater Baton Rouge, Inc. 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 as 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.

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 reinvestment 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 expenses 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, 1987, 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. and Human Services of Greater Baton Rouge, Inc. 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(a) of the Internal Revenue Code as a religious organization described in Section 501(c)(13).

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, 1997 totaled \$131,983. The Organization owes Volunteers of America, Inc. fees of \$17,801 at June 30, 1997, which is included in accounts payable as reflected in these financial statements.

Human Services of Greater Baton Rouge, Inc. has recorded land, buildings, and leasehold improvements of the America Street, Mallis Street, Harry Drive, Brownlee Street, Roseblaw and Midcity property in their financial statements. At June 30, 1997, Human Services of Greater Baton Rouge, Inc. owed Volunteers of America, Greater Baton Rouge, Inc. \$56,320. This amount has been eliminated in these combining financial statements.

Furthermore, Volunteers of America, Greater Baton Rouge, Inc. acts as a management agent for three U.S. Department of Housing and Urban Development (HUD) housing complexes - Baton Rouge VOA Living Centers, Inc., Baton Rouge Residential Center, Inc., and Lake Charles Living Center, Inc. At June 30, 1997, these three organizations owed Volunteers of America, Greater Baton Rouge, Inc. \$30,722, \$159, and \$6,364, respectively. In addition, the Organization will act as management agent for an additional HUD housing complex - Welch Elderly Housing, Inc. which is scheduled to begin operation next year. At June 30, 1997, this organization owed Volunteers of America, Greater Baton Rouge, Inc. \$11,840. These amounts are included in accounts receivable as reflected in these financial statements.

Note 3 - Notes Payable -

Notes Payable of Volunteers of America, Greater Baton Rouge are detailed as follows:

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MEMBERS AMERICAN INSTITUTE

August 12, 1997

Independent Auditor's Report

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

We have audited the accompanying Combining Statement of Financial Position of Volunteers of America, Greater Baton Rouge, Inc. and Human Services of Greater Baton Rouge, Inc. as of June 30, 1997, 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, 1996 is presented for comparative purposes only and was extracted from the financial statements for that year, on which an unqualified opinion dated August 22, 1996 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. 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 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. and Human Services of Greater Baton Rouge, Inc. as of June 30, 1997, 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 23, 1997 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-101, *Audits of States, Local Governments, and Non-Profit Organizations*) and the Schedule of Activities for Special Programs and National Administrative Fees Calculation Form are 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.

As discussed in Note 5 to the financial statements, in 1997 the Organization adopted Statement of Position 34-3, *Reporting of Related Entities by Not-for-Profit Organizations*.

Respectfully submitted,

Warren T. Bourgeois, L.L.P.

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

COMBINING STATEMENT OF FINANCIAL POSITION

as of June 30, 1997
with comparative totals for 1996

ASSETS

	<u>VOLUNTEERS OF AMERICA, GREATER BATON ROUGE, INC.</u>	<u>HUMAN SERVICES OF GREATER BATON ROUGE, INC.</u>
Current Assets:		
Cash	\$ 62,736	\$ 23,356
Accounts Receivable Less Allowance of \$25,000 in 1997 and 1996 - Note 2	1,061,636	832
Prepaid Expenses	<u>39,849</u>	<u>687</u>
Total Current Assets	1,164,220	24,875
Land, Buildings and Equipment, at Cost Less Accumulated Depreciation of \$483,426 and \$425,156 for 1997 and 1996 - Note 3	707,810	549,850
Long-Term Investment - Note 4	122,632	-
Other Assets	<u>50,150</u>	<u>40</u>
Total Assets	<u>\$2,026,620</u>	<u>\$ 573,965</u>

LIABILITIES AND NET ASSETS

Current Liabilities:		
Accounts Payable - Note 2	\$ 183,880	\$ 57,023
Other Liabilities - Note 3	307,257	3,625
Agency Funds Payable	13,449	-
Notes Payable (Due Within One Year) - Note 3	<u>256,138</u>	<u>32,000</u>
Total Current Liabilities	760,724	92,648
Long-Term Liabilities:		
Notes Payable (Due After One Year) - Note 3	458,317	359,557
Net Assets as Restated - Note 5:		
Unrestricted	747,814	541,470
Temporarily Restricted - Note 6	<u>60,804</u>	<u>-</u>
Total Net Assets	<u>807,618</u>	<u>541,470</u>
Total Liabilities and Net Assets	<u>\$2,026,620</u>	<u>\$ 573,965</u>

The accompanying notes are an integral part of this statement.

<u>ELIMINATIONS</u>	<u>1997 COMBINED TOTALS</u>	<u>1996 COMBINED TOTALS</u>
\$ -	\$ 86,882	\$ 82,708
196,2201	995,847	891,711
-	<u>33,728</u>	<u>31,843</u>
196,2201	1,229,675	1,024,660
-	1,256,080	988,945
-	832,633	113,317
-	<u>50,998</u>	<u>52,818</u>
\$ (56,220)	<u>\$2,544,565</u>	<u>\$3,098,140</u>
\$ (56,220)	\$ 184,883	\$ 113,385
-	310,882	301,094
-	13,445	357,188
-	<u>268,208</u>	<u>54,314</u>
(56,220)	777,503	719,781
-	817,774	615,500
-	889,384	609,858
-	<u>68,008</u>	<u>88,880</u>
-	949,388	794,858
\$ (56,220)	<u>\$2,544,565</u>	<u>\$1,090,140</u>

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

COMBINED STATEMENT OF ACTIVITIES

For the Year Ended June 30, 1977
with comparative totals for 1976

	VOLUNTEERS OF AMERICA, GREATER BATON ROUGE, INC.		
	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL
Revenues from Operations:			
Public Support Received Directly:			
Contributions	\$ 13,560	\$ 103,174	\$ 116,734
Special Events	30,137	23,685	46,822
Public Support Received Indirectly:			
United Way	323,974	-	323,974
Volunteers of America Awards and Grants	-	-	-
Total Public Support	374,691	126,859	490,550
Revenue and Grants from Govern- mental Agencies	6,417,898	-	6,417,898
Other Revenue:			
Program Service Fees	198,843	-	198,843
Rental Income	-	-	-
Miscellaneous	34,324	-	34,324
Total Other Revenue	232,987	-	232,987
Net Assets Released from Restrictions - Note 7	110,855	(110,855)	-
Total Revenues from Operations	7,116,631	5,004	7,121,635
Operating Expenses:			
Employment Services	358,231	-	358,231
Health and Rehabilitation	2,425,757	-	2,425,757
Food, Clothing, and Shelter	187,993	-	187,993
Education	34,055	-	34,055
Corrections	513,235	-	513,235
Family Life	2,233,344	-	2,233,344
Total Program Services	6,210,615	-	6,210,615
Management and General	587,246	-	587,246
Fund Raising	37,917	-	37,917
Total Supporting Services	624,463	-	624,463
Administrative Fees Paid to National Organization	191,923	-	191,923
Total Operating Expenses	7,016,978	-	7,016,978
Excess (deficit) from Operations	98,853	5,004	103,857

(CONTINUED)

<u>DUE WITHIN</u>	<u>DUE AFTER</u>
<u>ONE YEAR</u>	<u>ONE YEAR</u>

Note dated May 12, 1980 with an original balance of \$145,000 payable in monthly installments of \$1,448 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 10%; also, the increase or decrease in any given year shall not be greater than 2%. This note matures June 1, 2000 and is collateralized by property at 627 America St. held by Human Services of Greater Water Works, Inc. Water Works, Inc.

\$ 7,488	\$ 89,300
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Note dated September 1, 1982 with an original principal balance of \$122,500 payable in 180 monthly installments of \$1,343 which includes interest at a rate of 9%. The note is collateralized by land and building on Crusilla Lane.

5,375	92,840
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Note dated November 28, 1981 with an original principal balance of \$60,000 payable on demand, or if no demand is made, in 60 monthly installments of \$993 which includes interest at a rate of 11.7% and the balance due on the last installment date. This note was refinanced on August 21, 1982 at an interest rate of 10%. The note is collateralized by land and building on Westmoreland Street.

6,199	48,213
-------	--------

Note dated November 11, 1980 with an original principal balance of \$24,980 payable on demand, or if no demand is made, in 60 monthly installments of \$408 which includes interest at a rate of 11.5% and the balance due on the last installment date. This note was refinanced on August 23, 1982 at an interest rate of 10%. The note is collateralized by land and building on Cade Street.

3,497	12,176
-------	--------

Note dated December 18, 1986 with an original principal balance of \$200,000 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.

13,708	181,348
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(CONTINUED)

	<u>DUE WITHIN</u> <u>ONE YEAR</u>	<u>DUE AFTER</u> <u>ONE YEAR</u>
--	--------------------------------------	-------------------------------------

Note dated April 8, 1997 with an original principal balance of \$21,400 payable in 60 monthly installments of \$448 which includes interest at a rate of 8.9%. The note is collateralized by a 1997 Chevrolet Van.

	3,820	17,270
--	-------	--------

Note dated April 8, 1997 with an original principal balance of \$20,313 payable in 60 monthly installments of \$418 which includes interest at rate of 8.9%. The note is collateralized by a 1993 Chevrolet Van.

	3,403	16,174
--	-------	--------

Line of Credit dated April 30, 1997 in the amount of \$500,000 which includes interest at the index regional rate for Bank One of Louisiana. Interest is due in 12 monthly payments and principal is due in one payment by April 30, 1998. The loan is collateralized by accounts receivable.

	198,705	-
--	---------	---

Note dated December 31, 1996 with an original principal balance of \$42,686 payable in nine monthly installments of \$4,903 which includes interest at a rate of 8.9%. This note is collateralized by unearned insurance premiums and dividends.

	<u>34,703</u>	<u>-</u>
	<u>\$254,199</u>	<u>\$458,217</u>

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

Note dated May 26, 1992 with the City of Baton Rouge-Parish of East Baton Rouge with an original principal balance of \$84,000 and a 6% 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 Brownline Street.

	\$ -	\$ 96,000
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Note dated May 23, 1994 with the City of Baton Rouge-Parish of East Baton Rouge with an original principal balance of \$88,000 and a 6% interest rate. Loan term is 340 months beginning with the first payment due on or by April 1, 1998. Semi-annual payments due on October 1, and April 1, thereafter. The note is collateralized by land and building on Hallie Street.

	4,400	72,600
--	-------	--------

(CONTINUED)

Note dated December 29, 1994 with the City of Baton Rouge-Parish of East Baton Rouge with an original principal balance of \$188,646 and a 3% interest rate. Loan term is 340 months beginning with the first payment due on or by September 1, 1996. The note is collateralized by land and building on Harry Drive.

7,000	130,351
<u>\$ 12,000</u>	<u>\$169,557</u>

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

	VOLUNTEERS OF AMERICA, GREATER BATON ROUGE, INC.	HUMAN SERVICES OF GREATER BATON ROUGE, INC.
1999	\$ 47,230	\$ 13,628
2000	50,534	13,628
2001	54,351	13,628
2002	55,504	13,628
Thereafter	<u>248,400</u>	<u>105,848</u>
	<u>\$458,217</u>	<u>\$360,557</u>

Interest expense for the year ended June 30, 1997 amounted to \$38,194 for Volunteers of America, Greater Baton Rouge, Inc. and \$-0- for Human Services of Greater Baton Rouge, Inc.

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, 1997:

	VOLUNTEERS OF AMERICA GREATER BATON ROUGE, INC.
Year Ending June 30,	
1998	\$ 77,248
1999	55,821
2000	<u>3,000</u>
	<u>\$136,069</u>

Total rental expenses for the year ended June 30, 1997 for all operating leases was \$287,334 for Volunteers of America, Greater Baton Rouge, Inc. and \$-0- for Human Services of Greater Baton Rouge, Inc.

Note 5 - Change in Accounting Principle -

In 1997, Volunteers of America, Greater Baton Rouge, Inc. adopted Statement of Position 94-3 (SOP 94-3) Reporting of Related Entities by Not-for-Profit Organizations. Under the provisions of this SOP, it was determined that the accounts of Volunteers of America, Greater Baton Rouge, Inc. should be combined with the related Organization, Human Services of Greater Baton Rouge, Inc. As required by Accounting Standards Board Opinion #20 (APB #20), accounting changes that result in a different reporting entity shall be reported by restating the financial statements of all prior periods presented.

The following is a detail of net assets:

	VOLUNTEERS OF AMERICA, GREATER BAYTON BRIDGE, INC.		SERVICES OF GREATER BAYTON BRIDGE, INC.	COMBINED TOTAL
	TEMPORARILY RESTRICTED		UNRESTRICTED	
	UNRESTRICTED	RESTRICTED		
Beginning of year - July 1, 1994	\$277,178	\$ 95,000	\$ -	\$372,178
Increase in Net Assets - July 1, 1994 due to Adop- tion of SFAS No. 124	-	-	12,681	12,681
Beginning of year - July 1, 1995, as Restated	\$277,178	\$95,000	12,681	\$384,859
INCREASE (DECREASE) in Net Assets - June 30, 1997	222,632	9,688	48,799	281,119
End of Year - June 30, 1997	\$500,810	\$ 104,688	\$161,480	\$766,978

Note 6 - Restrictions on Net Assets -

Temporarily restricted net assets are available for the following pur- poses:

Use of Donated Residence	\$ 50,000
Capital Outlay	5,084
	<u>\$ 55,084</u>

Note 7 - Net Assets Released from Restrictions -

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

Bayton Bridge Area Foundation	\$ 5,000
Private Power	25,000
Bayton Bridge Health Association	5,000
Local Churches	56,631
Fund Raising - Contributions	53,685
Miscellaneous - Other	5,533
	<u>\$110,855</u>

Note 8 - Investments -

Volunteers of America, Greater Bayton Bridge, Inc. adopted SFAS No. 124 "Accounting for Certain Investments held by Not-For-Profit Organiza- tions" during the prior year. Investments are therefore stated at mar- ket value. At June 30, 1997, investments have a market value of \$122,632 and a cumulative unrealized gain of \$13,483 since adoption of SFAS No. 124. The current year unrealized gain of \$10,454 and inter- est income of \$4,000 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 Bayton Bridge, Inc. as of June 30, 1997.

Note 9 - 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, 1997, times the employees' hourly rate at June 30, 1997. 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 \$109,844 is included in the other liabilities account on the Statement of Financial Position.

Note 10 - Pension Plan - Mutual of America for Ministers -

Volunteers of America, Greater Baton Rouge, Inc. participates in a non-contributory defined benefit pension and retirement plan. The plan is administered through a commercial insurance company and covers all commissioned ministers. Pension plan expense was \$12,879 for the year ended June 30, 1997.

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 11 - Thrift Plan -

Volunteers of America, Greater Baton Rouge, Inc. established a Section 401(b) Thrift Plan effective January 1, 1993. The plan covers all employees with a minimum of one year of service. The organization will contribute 3.35% of all participants' compensation and will match an amount equal to 50% of the basic employee contributions made by each participant limited to 1% 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, 1997 was \$87,846.

Note 12 - 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.

SUPPLEMENTARY SCHEDULE

Volunteers of America,
Greater Baton Rouge, Inc.

STATEMENT OF ACTIVITIES FOR SPECIAL PROGRAMS*

For the Year Ended June 30, 1987

Revenues from Operations:	
Public Support	\$ 111,753
Government Grants and Fees	125,545
United Way Allocation	133,974
Other	<u>45,123</u>
Total Revenues from Operations	416,395
Operating Expenses:	
Salaries	407,676
Employee Benefits	39,558
Payroll Taxes	28,838
Professional Fees	20,842
Supplies and Office Expenses	28,680
Administrative Expenses	81,362
Occupancy	37,286
Interest	1,198
Equipment Rental and Maintenance	2,647
Printing and Publications	737
Travel	24,123
Client Cash Subsidy	76,876
Miscellaneous	1,110
Depreciation	<u>6,182</u>
Total Operating Expenses	818,109
Change in Net Assets	\$ <u>(41,714)</u>

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

Note: For the fiscal year ended June 30, 1987, Family Emergency Shelter contributed \$4,815 of Capital Area United Way Funding to the Downtown Christian Outreach Center.

Volunteers of America,
Greater Baton Rouge, Inc.

SCHEDULE OF EXPENDITURES OF FEDERAL FUNDS

for the year ended June 30, 1987

<u>FEDERAL GRANTOR/ PASS - THROUGH GRANTOR/ PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>FEDERAL EXPENSE</u>
<u>U. S. Department of Housing and Urban Development</u>		
Direct Program		
Special Needs Assistance Program	M/A	\$ 37,911
Passed Through City Parish		
Emergency Shelter Grants Program	14.202	98,611
Passed Through Emergency Food and Shelter National Board Program		
Emergency Food and Shelter Program	M/A	4,632
Passed Through Louisiana Department of Health and Hospitals, Office of Mental Health		
PATS	M/A	<u>78,828</u>
Total U. S. Department of Housing and Urban Development		172,982
<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 84-CS-W.3-0329	16.575	37,319
85-CS-W.3-0324	16.575	<u>6,758</u>
Total U. S. Department of Justice		44,077
<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	106,432

(CONTINUED)

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



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MEMBERED BY THE STATE SOCIETY OF CPAs

August 22, 1997

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, 1997, and have issued our report thereon dated August 22, 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 Volunteers of America, Greater Baton Rouge, Inc.'s financial statements are free of material misstatements, 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.

However, we noted other matters involving the internal control over financial reporting that we have reported to the management of Volunteers of America, Greater Baton Rouge, Inc. in a separate letter dated August 12, 1997.

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

Respectfully submitted,

Warrick T. Bourgeois, L.L.P.

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



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August 23, 1997

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, 1997. Volunteers of America, Greater Baton Rouge, Inc.'s major federal program is identified in the summary of auditor'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, Audits 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, 1977.

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 GAO 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,

David T. Bourgeois, D.P.

Volunteers of America, Greater Baton Rouge, Inc.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

for the year ended June 30, 1987

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 major program:

CFDA NUMBER

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

FACT

93.992

- 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 510.

VOLUNTEERS OF AMERICA,
GREATER DARTON HOUSE, INC.

MANAGEMENT LETTER

JUNE 24, 1987



Hannis T. Bourgeois, L.L.P.

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August 22, 1997

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

In planning and performing our audit of the financial statements of Volunteers of America, Greater Baton Rouge, Inc. for the year ended June 30, 1997, we considered its internal control structure 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. However, in the prior year we noted a certain matter involving the internal control and its operation that we considered to be a reportable condition under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control that, in our judgment, could adversely affect the Organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

FINDING:

During the prior year while performing audit procedures on accounts receivable, we noted that numerous amounts had been written off as uncollectible. Upon further discussion with management the majority of these items related to amounts that had been recorded for clients who were later determined to be Medicaid ineligible and for amounts billed that were in excess of grant monies available under various contracts.

RECOMMENDATION:

In the prior year, management informed us that new procedures had been implemented subsequent to year end which were designed to properly recognize receivables and revenues only to the extent of their collectibility. We further recommended that management continue in its efforts to more closely monitor accounts receivable as to their collectibility.

Board of Directors
Volunteers of America,
Greater Baton Rouge, Inc.
August 23, 1993
Page 3

CORRECTIVE ACTION TAKEN:

In the current year, it was noted that new procedures have in fact been implemented whereby receivables and corresponding reverses are only recorded once Medicaid eligibility has been determined.

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

Respectfully submitted,

Hannu T. Bourgeois, L.D.P.