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**REPORT**  
**REALIZATION INCORPORATED**  
**JUNE 30, 1960 AND 1962**

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Release Date **NOV. 5, 1969**

REALIZATION INCORPORATED

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APPROVED FOR SIGNATURE OF  
THE FIRM BY WILLIAM D. STARRS, C.P.A.  
ON JULY 30, 1988

INDEPENDENT AUDITOR'S REPORT

July 30, 1988

Board of Directors  
Realization Incorporated  
1210 Franklin Avenue  
New Orleans, Louisiana 70017

We have audited the accompanying statements of financial position of Realization Incorporated's grant agreement with the State of Louisiana, Governor's Office of Urban Affairs and Development as of June 30, 1988 and 1987 and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of Realization Incorporated's management. Our responsibility is to express an opinion on these financial statements of the grant agreement based on our audits.

We conducted our audits in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States and the provisions of Office of Management and Budget Circular A-110. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements of the grant agreement are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements of the grant agreement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements of the grant agreement. We believe that our audits provide a reasonable basis for our opinions.

These financial statements present only the grant agreement activity between the State of Louisiana, Governor's Office of Urban Affairs and Development and Realization Incorporated and are not intended to present fairly the financial position and results of operations and cash flows of Realization Incorporated's entire operations.

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of Realization Incorporated's grant agreement with the State of Louisiana, Governor's Office of Urban Affairs and Development for the years ended June 30, 1988 and 1987, and its changes in net assets and its cash flows for the years then ended in conformity with generally accepted accounting principles.

Our audits were made for the purpose of forming an opinion on the financial statements of the grant agreement between the State of Louisiana, Governor's Office of Urban Affairs and Development and Realization Incorporated. The accompanying supplementary information on pages 8 and 9 is presented for purposes of additional analysis and is not a required part of the financial statements. The supplementary information has been subjected to the auditing procedures applied in the audits of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

In accordance with Government Auditing Standards, we have also issued our report dated July 30, 1988 on our consideration of Realization Incorporated's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

As described in Notes 1 and 4 to the financial statements, the organization changed its method of financial statement presentation in 1987.

*Douglas, Chapman, Hayes & Mader LLP*

REALIZATION INCORPORATED  
 STATEMENTS OF FINANCIAL POSITION  
 JUNE 30, 1990 AND 1991

	1990	1991
<b>ASSETS:</b>		
Cash - restricted	\$ 1,877	\$ 2,785
Prepaid insurance	<u>2,836</u>	<u>2,849</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>4,713</u></b>	<b>\$ <u>5,634</u></b>
<b>LIABILITIES:</b>		
Accounts payable	\$ 1,658	\$ 1,740
Due to State of Louisiana, Governor's Office of Urban Affairs and Development (Note 5)	<u>27</u>	<u>1,840</u>
<b>Total liabilities</b>	<b><u>1,685</u></b>	<b><u>3,580</u></b>
<b>NET ASSETS:</b>		
Temporarily restricted	<u>2,836</u>	<u>2,849</u>
<b>Total net assets</b>	<b><u>2,836</u></b>	<b><u>2,849</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ <u>4,513</u></b>	<b>\$ <u>5,634</u></b>

See accompanying notes.

HENLIDATION INCORPORATED  
 STATEMENTS OF ACTIVITIES  
 FOR THE YEARS ENDED JUNE 30, 1990 AND 1991

	1990	1991
UNRESTRICTED NET ASSETS:		
Net assets released from restrictions: (Note 2)		
Satisfaction of program requirements	\$ 20,013	\$ 17,733
Total net assets released from restrictions	<u>20,013</u>	<u>17,733</u>
Expenses: (Note 1)		
Program services (Page 9)	4,824	5,043
Supporting services:		
Administrative (Page 9)	<u>15,188</u>	<u>17,694</u>
Total expenses unrestricted net assets	<u>20,013</u>	<u>17,733</u>
Increase in unrestricted net assets	---	---
TEMPORARILY RESTRICTED NET ASSETS:		
Grants (Note 5)	20,908	18,969
Net assets released from restrictions (Note 2)	<u>20,013</u>	<u>17,733</u>
Increase (decrease) in temporarily restricted net assets	<u>(13)</u>	<u>1,236</u>
INCREASE (DECREASE) IN NET ASSETS	(13)	1,236
Net assets at beginning of year	<u>2,949</u>	<u>1,687</u>
NET ASSETS AT END OF YEAR	\$ <u>2,936</u>	\$ <u>2,923</u>

See accompanying notes.

REALIZATION INCORPORATED  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 1988 AND 1987

	1988	1987
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (decrease) in net assets	\$ (13)	\$ 1,222
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
[increase] decrease in prepaid insurance	53	(1,222)
Decrease in due to State of Louisiana Governor's Office of Urban Affairs and Development	(1,034)	(588)
Increase (decrease) in accounts payable	<u>185</u>	<u>1,565</u>
Net cash provided [used] by operating activities	<u>(1,109)</u>	<u>919</u>
Net increase [decrease] in cash	(1,108)	919
Cash - beginning of period	<u>2,708</u>	<u>1,857</u>
CASH - END OF PERIOD	\$ <u>1,600</u>	\$ <u>2,708</u>

See accompanying notes.

REALIZATION INCORPORATED  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 1988 AND 1987

ORGANIZATION:

Realization Incorporated was formed on January 10, 1975 to promote and effectuate the planning and delivery of social service programs including and incidental to services for the aged, housing, day care, adult education, pre-retirement assistance and research, employment and education in the city of New Orleans. As discussed in Note 3, these financial statements reflect only the grant agreement with the State of Louisiana, Governor's Office of Urban Affairs and Development.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Scope:

These financial statements do not reflect the total activities of Realization Incorporated. These financial statements reflect only the grant agreement between Realization Incorporated and the State of Louisiana, Governor's Office of Urban Affairs and Development.

Basis of Accounting and Presentation:

The financial statements are prepared on the accrual basis of accounting. Accordingly, revenue is recorded when earned and expenses are recorded when incurred.

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards No. 117, *Financial Statements for Not-for-Profit Organizations*.

The statement of activities presents expenses of the organization's operations functionally between program services and administrative services based on specific identification and contract labor.

Statement of Cash Flows:

As required by generally accepted accounting principles the financial statements include a statement of cash flows showing cash provided and used by operating, investment, and financing activities.

For purposes of implementing the cash flow statement, the organization has defined cash equivalents as those amounts included in the statement of financial position caption "Cash."

Income Taxes:

The organization has been determined to be tax exempt under Section 501(c)(3) of the Internal Revenue Code.



REALIZATION INCORPORATED  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 1998 AND 1997

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Property and Equipment:

There is no property and equipment purchased using these funds.

2. MANAGEMENT'S ESTIMATES AND ASSUMPTIONS:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates; however, management does not feel that these differences will have a material adverse effect on its financial statements.

3. CHANGE IN ACCOUNTING PRINCIPLES:

In 1997, the organization elected to adopt Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements for Not-for-Profit Organizations. Under SFAS No. 117, the organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. For the years ended June 30 1998 and 1997, the organization had only temporarily restricted net assets. In addition, the organization is required to present a statement of cash flows. This reclassification had no effect on the change in net assets for 1997.

4. GRANT REVENUE:

The organization receives grant revenue from the State of Louisiana, Governor's Office of Urban Affairs and Development to perform services for the elderly. Total grant revenue for the years ended June 30, 1998 and 1997 amounted to \$70,800 and \$38,959, respectively.

Any amounts not expended are required to be returned to the State of Louisiana Governor's Office of Urban Affairs and Development. As of June 30, 1998 and 1997, the organization recorded a liability in the amount of \$27 and \$1,841, respectively, to the State of Louisiana, Governor's Office of Urban Affairs and Development.

5. TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted net assets consist of prepaid insurance purchased with grant revenue from the State of Louisiana Governor's Office of Urban Affairs and Development. Temporarily restricted net assets amount to \$7,858 and \$7,848 as of June 30, 1998 and 1997, respectively.

6. NET ASSETS RELEASED FROM RESTRICTIONS:

Net assets are released from temporary donor restrictions by incurring expenses satisfying the restricted purpose.

REALIZATION INCORPORATED  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF FINANCIAL ASSISTANCE  
 FOR THE YEARS ENDED JUNE 30, 1990 AND 1992

GRANTOR	PROGRAM DESCRIPTION	CONTRACT PERIOD	AMOUNT
State of Louisiana- Governor's Office of Urban Affairs and Development	To provide various services to the elderly	02/01/87 - 06/30/89	\$20,000
State of Louisiana- Governor's Office of Urban Affairs and Development	To provide various services to the elderly	02/01/86 - 06/30/87	\$18,500

REALIZATION INCORPORATED  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF FUNCTIONAL EXPENSES  
 FOR THE YEARS ENDED JUNE 30, 1990 AND 1997

	1990		TOTAL ALL FUNCTIONAL CATEGORIES
	PROGRAM	ADMINISTRATIVE	
EXPENSES:			
Audit	\$ 1,500	\$ --	\$ 1,500
Insurance - building	--	19,143	19,143
Contract labor	3,304	2,968	6,272
Bank charges	--	77	77
	<u>4,804</u>	<u>19,168</u>	<u>23,972</u>
TOTAL FUNCTIONAL EXPENSES	\$ <u>4,804</u>	\$ <u>19,168</u>	\$ <u>23,972</u>

	1997		TOTAL ALL FUNCTIONAL CATEGORIES
	PROGRAM	ADMINISTRATIVE	
EXPENSES:			
Audit	\$ 1,500	\$ --	\$ 1,500
Insurance - building	--	9,461	9,461
Contract labor	3,238	2,858	6,096
Supplies	42	--	42
Telephone	103	203	306
Utilities	172	172	344
	<u>5,043</u>	<u>12,694</u>	<u>17,737</u>
TOTAL FUNCTIONAL EXPENSES	\$ <u>5,043</u>	\$ <u>12,694</u>	\$ <u>17,737</u>

See accompanying notes.

REALIZATION INCORPORATED  
 INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND  
 ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
 BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
 IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS  
 FOR THE YEAR ENDED JUNE 30, 1988

July 30, 1988

Board of Directors  
 Realization Incorporated  
 1218 Franklin Ave.  
 New Orleans, Louisiana 70017

We have audited the financial statements of Realization Incorporated's grant agreement with the State of Louisiana, Governor's Office of Urban Affairs and Development as of and for the year ended June 30, 1988, and have issued our report thereon dated July 30, 1988. 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 the financial statements of Realization Incorporated's grant agreement with the State of Louisiana, Governor's Office of Urban Affairs and Development are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with these 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 Realization Incorporated's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of Realization Incorporated's Board of Directors, management, the Legislative Auditor and the State of Louisiana, Governor's Office of Urban Affairs and Development. However, this report is a matter of public record and its distribution is not limited.

*Debra L. Chapman, CPA, CPA, CGA, CMA, CFE*