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FINANCIAL STATEMENTS &  
INDEPENDENT AUDITOR'S REPORT

THE METHODIST HOME FOR CHILDREN  
NEW ORLEANS, LOUISIANA

JUNE 30, 1968

Under provisions of state law, this report is a public document. A copy of this report has been submitted to the auditor, or equivalent, entity and other appropriate public officials. This report is available for public inspection at the State House office of the Legislative Auditor and, when appropriate, at the office of the parish clerk of court.

Release Date -- ~~July 3, 1968~~

THE METHODIST HOME FOR CHILDREN  
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JUNE 30, 1998

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*Ruth Taylor Recovery*

CERTIFIED PUBLIC ACCOUNTANT

To the Board of Directors  
The Methodist Home For Children

**INDEPENDENT AUDITOR'S REPORT**

I have audited the accompanying statement of financial position of The Methodist Home For Children as of June 30, 1998, and the related statements of activities and changes in net assets, and of cash flows for the year then ended. These financial statements are the responsibility of The Methodist Home For Children's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards, Government Auditing Standards issued by the United States Comptroller General, and the Louisiana Governmental Audit Guide, published jointly by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor. Those standards require that I 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Methodist Home For Children as of June 30, 1998, and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, I have also issued a report dated August 13, 1998, on my consideration of The Methodist Home For Children's internal control structure and a report dated August 13, 1998, on its compliance with laws and regulations.

*Ruth Taylor Recovery*

August 13, 1998

*Keith Taylor Ramsey*

CHIEF FINANCIAL ACCOUNTANT

The Board of Directors  
The Methodist Home For Children  
New Orleans, Louisiana

**INDEPENDENT AUDITOR'S REPORT ON  
INTERNAL CONTROL STRUCTURE**

I have audited the financial statements of The Methodist Home For Children for the year ended June 30, 1998, and have issued my report thereon dated August 13, 1998.

I conducted my audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States, and the Louisiana Governmental Audit Guide. These standards required that I plan and perform the audit to obtain reasonable assurance about whether the financial statement are free of material misstatement.

The management of The Methodist Home For Children is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing my audit of the financial statements of The Methodist Home For Children for the year ended June 30, 1998, I obtained an understanding of the internal control structure. With respect to the internal control structure, I obtained an understanding of the design of relevant policies and procedures and what has been placed in operation, and I assessed control risk in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, I do not express such an opinion.

I noted certain matters involving the internal control structure and its operation that I consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control structure that, in my judgment, could adversely affect the organization's ability to record, process, summarize, and report financial data in a manner that is consistent with the assertions of management in the financial statements.

The Board of Directors  
August 13, 1988  
Page 2

The reportable conditions noted are as follows:

- I. Failure in the operation of the internal control structure. Evidence of failure to perform tasks that are part of the internal control structure. Accounts receivable is not being properly monitored, reviewed, or collected.
- II. Failure to follow up and correct previously identified operation of the internal control structure deficiency.

A material weakness is a reportable condition which the design or operation of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities 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.

My consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, I believe none of the reportable conditions described above is a material weakness.

In connection with the audit, I reviewed the prior year's reportable conditions on the internal control structure, including applicable internal administrative controls to determine whether management had implemented appropriate action to correct the conditions giving rise to these findings. The results of my review indicate that management has not taken appropriate corrective action with respect to a prior year finding as described in the Schedule of Prior Reportable Conditions.

This report is intended for the information of the Board of Directors, management, and the State of Louisiana Legislative Auditor. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

  
August 13, 1988

*Ruth Taylor Ramsey*

CHAIRMAN OF THE AUDITORS

The Board of Directors  
The Methodist Home For Children  
New Orleans, Louisiana

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE

I have audited the financial statements of The Methodist Home For Children for the year ended June 30, 1998, and have issued my report thereon dated August 13, 1998.

I conducted my audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and the Louisiana Governmental Audit Guide. These standards required that I plan and perform the audit to obtain reasonable assurance about whether the financial statement are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to The Methodist Home For Children is the responsibility of The Methodist Home For Children's management. As a part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, I performed tests of The Methodist Home For Children's compliance with certain provisions of laws, regulations, contracts, and grants. However, my objective was not to provide an opinion on overall compliance with such provisions. Accordingly, I do not express such an opinion.

The results of my tests disclosed no instances of non-compliance that are required to be reported under Government Auditing Standards.

This report is intended for the information of the Board of Directors, management, and the State of Louisiana Legislative Auditor. This restriction is not intended to limit the distribution of this report, which is a matter of public record.



August 13, 1998

**THE METHODIST HOME FOR CHILDREN  
SCHEDULE OF PRIOR REPORTABLE CONDITIONS  
FOR THE YEAR ENDED JUNE 30, 1998**

The prior audit report, for the year ended June 30, 1997, contained reportable conditions. The following is a status of those findings:

**Deficiencies in internal control structure design.** There are no formal, written, accounting policies and procedures.

Formal accounting policies and procedures have been written during the year ended June 30, 1998.

**Failures in the operation of the internal control structure.** Evidence of failure to perform tasks that are part of the internal control structure. Accounts receivable is not being properly monitored, reviewed, or results communicated to management each month.

Turnover in the accounting staff and misinformation given to management has caused the efforts of accounts receivable collections to be ineffective. Accounts receivable should be closely monitored and researched for uncollectible amounts.

**Failure to follow up and correct previously identified internal control structure deficiency.**

The previously identified internal control structure design deficiency was corrected by writing formal accounting policies and procedures during the year ended June 30, 1998.

THE METHODIST HOME FOR CHILDREN  
 STATEMENT OF FINANCIAL POSITION  
 JUNE 30, 1998

<b>Assets</b>	
Cash	\$ 242,488
Investments (cost)	1,403,172
Accounts receivable, net (cost)	341,809
Receivable-estate/other (cost)	191,079
Prepaid insurance	<u>15,949</u>
	2,204,597
Land, buildings and equipment, net (cost)	<u>3,096,169</u>
<b>Total assets</b>	<b>\$3,200,657</b>
<b>Liabilities</b>	
Accounts payable	\$ 159,664
Payroll taxes payable	4,248
Accrued salaries and expenses	32,511
Current portion of long-term debt (cost)	<u>40,269</u>
	236,692
Long-term debt, net of current portion (cost)	<u>431,521</u>
<b>Total liabilities</b>	<b><u>668,154</u></b>
<b>Net assets</b>	
Unrestricted	2,524,363
Temporarily restricted (cost)	9,000
Permanently restricted	<u>        </u>
<b>Total net assets</b>	<b><u>2,533,363</u></b>
<b>Total liabilities and net assets</b>	<b>\$3,200,657</b>



THE METHODIST HOME FOR CHILDREN  
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
YEAR ENDED JUNE 30, 1998

Change in unrestricted net assets	
Unrestricted Support and Revenue	
Donations, gifts and bequests	\$ 357,817
Investment income (loss)	243,588
Charitable trust income (loss)	12,949
Professional services-donated (loss)	48,897
Other income	3,080
	<u>666,331</u>
Fees from governmental agencies	
Private agency foster care program	298,990
Therapeutic foster care program	1,054,304
Severe intervention program	595,090
Moderate intervention program	895,897
Group home programs	195,327
	<u>3,039,718</u>
Total unrestricted revenue and support	<u>3,704,789</u>
Expenses	
Private agency foster care program	272,905
Therapeutic foster care program	801,213
Severe intervention program	607,839
Moderate intervention program	1,062,401
Group home programs	207,657
Administrative and general	581,236
	<u>3,533,361</u>
Increase in unrestricted net assets	<u>171,428</u>
Changes in temporarily restricted net assets	
Contributions (loss)	<u>8,000</u>
Increase in temporarily restricted net assets	8,000
Increase in permanently restricted net assets	
Increase in net assets	<u>179,428</u>
Net assets at beginning of year	<u>2,353,453</u>
Net assets at end of year	<u>\$2,532,881</u>

THE METROKENT HOME FOR CHILDREN  
 STATEMENT OF CASH FLOWS  
 YEAR ENDED JUNE 30, 1998

Cash flows from operating activities	
Change in net assets	\$179,048
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Depreciation	79,940
Changes in operating assets and liabilities:	
Accounts receivable	(71,904)
Receivables—rents/insurance	( 67,192)
Prepaid insurance	9,120
Accounts payable	131,233
Accrued salaries and expenses	( 61,240)
Net cash provided by operating activities	<u>443,040</u>
Cash flows from investing activities:	
Increase in investments	(201,198)
Purchase of property and equipment	(433,028)
Net cash used in investing activities	<u>(634,226)</u>
Cash flows from financing activities:	
Proceeds from long-term borrowing	<u>324,821</u>
Net cash provided by financing activities	<u>324,821</u>
Net increase in cash and cash equivalents	133,635
Cash and cash equivalents at beginning of year	<u>108,851</u>
Cash and cash equivalents at end of year	<u>\$242,486</u>
Supplemental data	
Interest paid	<u>\$ 3,398</u>

The accompanying notes are an integral part of these financial statements.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization** - The Methodist Home For Children (the Home) is chartered in the state of Louisiana as a not-for-profit organization without capital stock, which is classified as one that is not a private foundation within the meaning of section 170(a) of the Internal Revenue Code because it is an organization described in section 170(b)(1)(A)(ii) which normally receives a substantial part of its support from direct or indirect contributions from the general public. The Home operates a residential treatment facility located in New Orleans, Louisiana, providing care for abused, neglected, and/or abandoned children. It is operated as an agency of the Louisiana Conference of the United Methodist Church.

The Methodist Home For Children administers programs receiving revenue from the State of Louisiana, Office of Community Services and Office of Youth Development. The residential programs administer to children with moderate and acute emotional and/or behavioral problems. The therapeutic and private agency foster care programs place children in a family environment while providing counseling and support for the families. The group home program began July 1997 and provides living skill training to teenagers in a community home environment.

The accompanying financial statements include only the accounts of The Methodist Home For Children. No other assets owned by or activities operated by the Louisiana Conference of the United Methodist Church have been included herein.

**Basis of Presentation** - The financial statements are prepared on the accrual basis. Support from both unrestricted and restricted contributions is recognized either on receipt or upon receiving an unconditional pledge or promise to give from a donor. Support from unrestricted contributions is reported as unrestricted support which increase unrestricted net assets. The Home reports gifts of cash and other assets as temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose 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, where all related expenses are also reported. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

The Home reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long these long-lived assets must be maintained, the Home reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

**Investments in Marketable Securities** - Under Financial Accounting Standards Board (FASB) "Statement of Financial Accounting Standards (SFAS) No. 124, "Accounting for Certain

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments Held by Not-For-Profit Organizations - whereby "investments in equity securities with readily determinable fair values and all investments in debt securities shall be measured at fair value in the statement of financial position", investments in marketable securities are stated at fair value. There is no donor-restricted investments at June 30, 1998. Gains and losses on investments are reported in the statement of activities as increases or decreases in unrestricted net assets. Dividend, interest, and other investment income are reported in the period earned in the statement of activities as increases in unrestricted net assets.

Concentration of Risk - Approximately 82% of the Home's revenue was provided by contract for services with the State of Louisiana, Office of Community Services, and Office of Youth Development.

Concentration of Credit Risk - Deposits in the operating cash account and the investment service account exceed the Federal Deposit Insurance Corporation limit. Deposits in excess of insurance coverage represent concentrations of credit risk.

Depreciation - Building and improvements are being depreciated over estimated useful lives of 40 years using the straight-line method of depreciation. Equipment and furniture are depreciated over estimated useful lives, which range from 3 to 10 years, using the straight-line method of depreciation. It is the Home's policy to capitalize assets costing \$3,500 or more.

Accounts Receivable - The Methodist Home For Children considers accounts receivable to be virtually fully collectible since the balance consists entirely of payments due under state government contracts. An allowance for uncollectible accounts is recorded equal to aged receivables over one year old.

Income Taxes - No provision for income taxes has been made since the Home is exempt as a nonprofit organization pursuant to Section 501(c)(3) of the Internal Revenue Code. The Home has no unrelated business income.

Use of Estimates - 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 disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of support and revenue and expenses during the period. Actual results could differ from these estimates.

Compensation For Future Absences - The Home has not accrued for compensation for future absences because the amount cannot be reasonably estimated. The Home's vacation policy is that when proper notice of resignation or termination is given the employee will be paid for accumulated vacation time up to the maximum of one year's allotment. Sick leave may not be carried over to the next year and no reimbursement for sick leave time will be made on termination of employment.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Allocation of Expenses - Administrative expenses and other overhead are allocated to programs and supporting services by management on the basis of number of residents in the corresponding programs and/or the number of employees in the corresponding departments.

Statement of Cash Flows - For purposes of the Statement of Cash Flows, the Home considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. At June 30, 1998, cash and cash equivalents consisted only of cash.

NOTE 2 - INVESTMENTS

Investments are stated at fair value. One Group Institutional Investor fiduciary share mutual funds are no-load, do not charge 12b-1 fees, and consist primarily of U.S. treasury and U.S. agency securities, which represent 59% of these funds with the balance invested in investment grade securities. These assets are unsecured, therefore, dividend, interest, and other investment income are reported in the period earned in the statement of activities as increases in unrestricted net assets.

Aggregate carrying amounts by major types are as follows:

Cash and equivalents	\$ 11,890
U.S. treasury securities	396,400
U.S. govt. agency securities	52,500
One Group mutual funds	87,038
Equities	<u>855,483</u>
Totals	\$1,403,312

The investment return and its classification in the statement of activities for the year ended June 30, 1998 are as follows:

Investment income	\$ 44,700
Gains	<u>281,158</u>
Total investment income	245,988
Expenses	<u>( 80,722)</u>
Total investment return	\$225,266

NOTE 3 - COMMITMENTS AND CONTINGENCIES

The Methodist Home For Children receives a substantial amount of its revenue from the state government. A significant reduction in the level of this revenue, if this were to occur, would have a material effect on the Home's programs and activities. The Methodist Home For Children is required to submit cost reports to the state agency which substantiates the revenue received and then reimburses the Home for costs incurred for providing care for the children.

**NOTE 4 - PROPERTY, PLANT, AND EQUIPMENT**

Property, plant, and equipment are carried at cost if purchased and at fair value if contributed. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in income for the period. The cost of maintenance and repairs is charged to expense as incurred, significant renewals and betterment are capitalized. The following is a summary of the major classes of property and equipment and the related depreciation:

	Cost	Accumulated Depreciation	Net
Land	\$ 154,398		\$ 154,398
Buildg & Improvts	1,628,216	\$ 847,080	781,136
Equipment	174,661	92,861	81,800
Furn & Fixtures	149,167	124,576	24,591
Vehicles	116,188	62,089	54,109
Totals	\$2,222,630	\$1,126,606	\$1,096,024

**NOTE 5 - RELATED PARTY**

The Methodist Home For Children is operated as an agency of the Louisiana Conference of the United Methodist Church. During the year, The Methodist Home For Children paid a nominal fee for an ad in the Louisiana Conference's newspaper.

**NOTE 6 - PENSION PLAN**

The Methodist Home For Children has a 401(k)(3) type pension plan for all eligible employees. Employees are eligible to participate in the plan if they are at least 21 years of age, have been employed by The Methodist Home For Children for one year, and work at least 20 hours per week. Employees are required to contribute at least 2% (up to a maximum of 20%) of their gross bi-weekly salary into the plan, not to exceed \$9,500. The employer agrees to contribute 4% of each participating employee's contribution base. Employer contributions for the plan during the year were \$34,230. Employee contributions for the plan during the year were \$22,445.

**NOTE 7 - CHARITABLE TRUST**

On December 18, 1990, a charitable trust was set up by an individual designating the director of the United Methodist Foundation of Louisiana as trustee. The donor suggested that one-half of the trust's annual income and ultimate principal be ultimately distributed to The Methodist Home For Children in New Orleans, Louisiana, on an unrestricted basis. The term of the trust is for 30 years.

NOTE 7 - CHARITABLE TRUST (Continued)

In the event The Methodist Home For Children in New Orleans, Louisiana, ceases to function or ceases to be a qualified tax exempt charity before the 30 year term runs, the donors suggested the funds be distributed to another children's home. At June 30, 1988, the market value of the trust was \$472,306. The Methodist Home For Children is presently receiving income from this trust. The income received during the year was \$12,569.

NOTE 8 - LONG TERM DEBT

At June 30, 1998, The Methodist Home For Children had a secured note payable to the United Methodist Foundation of Louisiana totaling \$48,366. This note is payable in monthly installments with a final payment for the entire unpaid principal balance on the note and all accrued and unpaid interest thereon due and payable on November 30, 2000. This note is secured by the Home's investment portfolio which is held by the United Methodist Foundation of Louisiana. Interest is calculated at the Wall Street Journal prime interest rate on the last business day of each calendar month.

At June 30, 1998, The Methodist Home For Children had a mortgage note, payable to a private foundation, totaling \$423,425. This balance is the portion drawn through June 30, 1998, on mortgage note totaling \$450,000 at a rate of 5.00% for 30 years to be used for renovations of group homes and the campus of The Methodist Home For Children. The mortgage is payable in annual installments beginning June 4, 1998, and is secured by the properties located at 832-834, 833-839, and 841-843 Washington Avenue, New Orleans, Louisiana.

Maturities of long-term debt for the next five years are as follows:

	Methodist Foundation	Private Foundation	Total
Fiscal year ended June 30			
1999	\$ 5,208	\$ 25,052	\$ 30,260
2000	43,158	14,591	57,749
2001	-	15,337	15,337
2002	-	36,122	36,122
2003	-	36,947	36,947
Thereafter	<u>          </u>	<u>325,376</u>	<u>325,376</u>
	\$48,366	\$423,425	\$471,791

The Home had an unsecured line of credit with First National Bank of Commerce for \$300,000 at June 30, 1998, with no outstanding balance.

**NOTE 9 - SUPPORT AND REVENUE AND DONATED MATERIALS,  
FACILITIES AND SERVICES**

**Contributed Services** - From time to time, the Home receives used furniture and equipment and contributed labor and materials to enhance the facilities. In accordance with Statement of Position TS-18, issued by the American Institute of Certified Public Accountants (AICPA), donated materials and facilities that are such that values cannot reasonably be determined and which vary greatly in value depending on condition and style should not be recorded as contributions. If donated materials pass through the organization to its charitable beneficiaries, and the organization serves only as an agent for the donors, the donations should not be recorded as a contribution. Therefore, historically, the Home has not recorded as contributions any donated materials and facilities.

The Home receives donated services from volunteers for fundraising, as available, and from the members of the Board of Directors, who serve without compensation. In accordance with AICPA SOP 38-33, because of the difficulty in placing a monetary value on such services, their value has not, historically, been recorded as contributions with an equivalent amount recorded as an expense. The Home recognizes contributions of services, if the service received required specialized skills and would typically need to be purchased if not provided by donations. During the year ended June 30, 1998, the value of contributed services meeting the requirements for recognition in the financial statements was \$48,897 and has been recorded as revenue, with a corresponding amount as expense.

**NOTE 10 - ALLOWANCE FOR UNCOLLECTIBLE AMOUNTS**

An allowance for uncollectible amounts was recorded equal to aged receivables over one year old at June 30, 1998, which was \$143,389.

**NOTE 11 - TEMPORARILY RESTRICTED NET ASSETS**

The Methodist Home For Children received a grant from the United Methodist Foundation of Louisiana of \$8,000 to develop a new brochure and video for the Home. As of June 30, 1998, these funds had not been spent.

**NOTE 12 - RECEIVABLE - ESTATE**

Under the provisions of a will, the Methodist Home For Children shall receive the sum of \$100,000 from the principal of a trust administered by FNC Bank (Ohio) in Cincinnati, as Trustee for the succession.

**NOTE 13 - DISCLAIMER REGARDING LOSS CONTINGENCIES**

This report does not take into consideration any compliance, or lack thereof, with The Americans with Disabilities Act (ADA), Occupational Safety and Health Act (OSHA), or that of any other regulatory agency.



THE METHODIST HOME FOR CHILDREN  
 NOTES TO FINANCIAL STATEMENTS  
 YEAR ENDED JUNE 30, 1998

NOTE 14 - SCHEDULE OF COSTS AND EXPENSES ON FUNCTIONAL BASIS

	Private Agency Fund-Cost	Dispositive Fund-Cost	Direct Initiation	Medical Initiation	Comp. Fund	Administrative Fund-Cost	Total
Salaries	\$ 48,507	\$ 95,876	\$ 98,070	\$ 478,700	\$ 69,887	\$ 49,789	\$ 1,441,829
Payroll taxes	8,778	17,176	16,812	80,322	9,880	7,134	209,112
Employee benefits	5,190	1,730	11,354	14,297	1,643	11,711	58,325
Fringe-Cost	265,887	690,880					\$ 956,767
Materials	6,889	3,761	13,607	111,477			135,734
Supplies	770	688	1,786	7,822	1,657	4,141	16,874
Linens and other		7	155	22	1,234	2,784	4,202
Office supplies & printing	1,020	2,674	11,679	23,224	8,173	8,801	55,571
Travel	473	874	3,744	4,888	1,850	3,571	19,510
Miscellaneous/operational	688	11,870	4,366	40,784	1,617	5,626	67,745
Service contracts	784	1,863	10,914	17,589	11,134	13,683	68,007
Telephone	447	1,829	1,614	4,484	1,687	2,117	15,581
Training or seminar	6	15	204	589	11	234	849
Miscellaneous/fund charges	247					1,614	1,861
Advertising & promotion	384		80	176		750	1,390
Renewal	388	388	922	1,702	1,822	749	5,271
Meals, building & grounds	1,770	1,744	3,844	89,750	8,223		101,331
Meals, initiation & other	14	37	4,713	89,883	3,816		108,863
Food & refreshment						3,780	3,780
Supplies	48	30	10,687	17,700	1,174		30,639
Utilities	1,178	5,674	17,887	80,888	8,888	3,888	110,811
Consultants		4,687	11,074	44,763	2,714		63,238
Professional services						23,426	23,426
Professional services - dental						46,877	46,877
Rent			11,787	11,488	11,251		34,526
Childing			7,900	13,160	21,88		34,854
Medical			3,650	6,650	818		11,118
Medical supplies, etc.			4,373	7,481	1,880		13,734
Initiation			3,175	3,188	775		7,138
Initiation's initiation & parent			7,787	11,711	1,618		21,116
Income						3,990	3,990
Real estate						143,389	143,389
Depreciation	1,041	3,001	20,111	48,311	6,481	3,811	79,766
Health & maintenance	8	18	884	787	187		1,886
Construction/maintenance	428	484	4,176	11,821	1,884		20,793
Developmental fund						10,711	10,711
Special services						11,280	11,280
Total	\$ 611,209	\$ 891,511	\$ 681,209	\$ 2,081,481	\$ 811,687	\$ 611,209	\$ 6,059,791



# The Methodist Home For Children



November 23, 1998

David D. Eyle, CPA, CFE  
Legislative Auditor  
Legislative Audit Advisory Council  
State of Louisiana  
P.O. Box 94391  
Baton Rouge, LA 70804-8391

Dear Mr. Eyle:

I am writing in response to the reportable condition in the annual audit of June 30, 1998. We have made progress in getting some of our old money. However, I agree we can do more in this area.

In order to correct the reportable condition that accounts receivable is not being properly maintained, reviewed, or collected, I will hire a new business manager with much greater accounting acumen than we have previously had. Also, my Finance committee of The Home reviews our financial statements and current financial issues each month. It is my hope that with more skill in the business office and this review by the Finance committee that we will either collect old accounts due us or write-off that which the state never has already been paid or is not a legitimate bill. Our plan will be to take the highest 20 old accounts, develop a history of those, and present them in conclusion with the state.

When we do not collect the appropriate amount on each child it is more when due to a technical failure of some level of the State's processing of our account and not due to our providing of services or billing process.

Know that it is my intent to make the appropriate adjustments to clear up this matter for you and the auditors of our facility. If you have any questions or concerns, please feel free to call on me at any time.

Sincerely,

Douglas Eyle, Ph.D.  
Chief Executive Officer

*A Healing Place for Children*

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811 Washington Avenue • New Orleans, Louisiana 70119 • Ph: (504) 586-5789 • Fax: (504) 586-1112  
Relief address: P.O. Box 15180 • New Orleans, Louisiana 70175-1189