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**VOLUNTEERS OF AMERICA OF  
GREATER NEW ORLEANS, INC.**

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**FINANCIAL AND COMPLIANCE AUDIT  
TOGETHER WITH INDEPENDENT AUDITORS' REPORT  
FOR THE YEARS ENDED JUNE 30, 1998 AND 1997**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the Council, or reviewed, entity and of the report to public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

**Bruno  
& Tervalon**

CERTIFIED PUBLIC ACCOUNTANTS

Release Date DEC 9 1998

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**& Tervalon**

MICHAEL B. BRUNO, CPA  
ALCIDE J. TERVALON, JR., CPA  
WALDO J. MORET, JR., CPA

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
**Volunteers of America of Greater New Orleans, Inc.**

We have audited the accompanying consolidated statements of financial position of **Volunteers of America of Greater New Orleans, Inc. ( the Organization)** as of June 30, 1998 and 1997 and the related consolidated statements of activities and functional expenses for the year ended June 30, 1998 and statements of cash flows for the years ended June 30, 1998 and 1997. These consolidated financial statements are the responsibility of the **Organization's** management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion the consolidated financial statements referred to above present fairly, in all material respects the consolidated financial position of **Volunteers of America of Greater New Orleans, Inc.** as of June 30, 1998 and 1997, and the changes in its net assets for the year ended June 30, 1998, and its cash flows for the years ended June 30, 1998 and 1997 in conformity with generally accepted accounting principles.

**INDEPENDENT AUDITORS' REPORT**  
**(CONTINUED)**

To the Board of Directors  
Volunteers of America of Greater New Orleans, Inc.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 23, 1998 on our consideration of **Volunteers of America of Greater New Orleans, Inc.**'s internal control over financial reporting and our test of its compliance with certain provisions of laws, regulations, contracts and grants as of and for the year ended June 30, 1998.

Our audit was conducted for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U. S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is not a required part of the basic consolidated financial statements. The consolidating statements of financial position at June 30, 1998, the consolidating statements of activities, the schedule of revenue by source, and the schedule of revenue and expense by program for the year then ended are presented for purposes of additional analysis and are not a required part of the basic consolidated financial statements. The supplementary information except for that portion marked "unaudited" on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic consolidated financial statements taken as a whole.

*Bruno & Tervalon*

**BRUNO & TERVALON**  
**CERTIFIED PUBLIC ACCOUNTANTS**

October 23, 1998

**Bruno**

CERTIFIED PUBLIC ACCOUNTANTS

**& Tervalon**



**VOLUNTEERS OF AMERICA OF GREATER NEW ORLEANS, INC.**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 1998 AND 1997**

	1998	1997
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 125,045	\$ 144,264
Grants receivable, net of allowance for doubtful accounts of \$ 10,885 and \$ 88,644 at June 30, 1998 and 1997, respectively. (NOTE 3)	1,329,591	1,547,394
Accounts receivable - other	9,302	0
Prepaid expenses	4,367	13,184
Other assets	45,109	21,519
Total current assets	1,513,414	1,726,361
<b>Fixed Assets:</b>		
Land, building and building improvements (NOTE 5)	4,705,834	4,436,143
Vehicles, furnishings and equipment (NOTE 5)	1,192,452	2,093,579
Accumulated depreciation (NOTE 5)	(2,544,860)	(3,364,611)
Total fixed assets	3,353,426	3,165,111
<b>Other Assets:</b>		
Investments (NOTE 4)	1,466,794	1,187,937
Investment in VOA Development, Inc. (NOTE 12)	448,639	364,667
Encumbered assets (NOTE 6)	70,470	92,202
Total other assets	1,985,903	1,644,806
Total assets	\$ 6,852,743	\$ 6,536,278

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

**VOLUNTEERS OF AMERICA OF GREATER NEW ORLEANS, INC.**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 1998 AND 1997**

	1998	1997 (NOTE 2)
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities:</b>		
Bank overdrafts	\$ 431,756	\$ 330,159
Accounts payable	105,419	95,566
Mortgages and notes payable (NOTE 7)	348,519	436,322
Accrued expenses	673,999	483,750
Other liabilities (NOTE 8)	139,023	207,088
Total current liabilities	1,698,716	1,552,885
<b>Other liabilities:</b>		
Long-term mortgages and notes payable (NOTE 7)	1,068,300	1,235,100
Other	7,407	7,407
Total other liabilities	1,075,707	1,242,507
Total liabilities	2,774,423	2,795,392
<b>Net assets:</b>		
Unrestricted	4,052,394	3,718,580
Permanently restricted (NOTE 2)	25,926	22,306
Total net assets	4,078,320	3,740,886
Total liabilities and net assets	\$ 6,852,743	\$ 6,536,278

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

VOLUNTEERS OF AMERICA OF GREATER NEW ORLEANS, INC.  
CONSOLIDATED STATEMENTS OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 1998  
WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 1997

	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>1998</u>	<u>1997</u>
				(NOTE 2)
<b>REVENUES</b>				
<b>Revenues from Operations:</b>				
Public Support Received Directly:				
Contributions	\$ 94,861	\$ 0	\$ 94,861	\$ 70,485
Special events, net of direct cost of \$ 27,659 and \$ 28,239 for 1998 and 1997, respectively.	113,647	0	113,647	80,452
Public Support Received Indirectly:				
United Way	<u>123,506</u>	<u>0</u>	<u>123,506</u>	<u>139,167</u>
Total public support	<u>332,014</u>	<u>0</u>	<u>332,014</u>	<u>290,104</u>
Revenue and Grants from Governmental Agencies	<u>9,359,566</u>	<u>0</u>	<u>9,359,566</u>	<u>9,305,090</u>
<b>Other revenue:</b>				
Program service fees	784,566	0	784,566	951,341
Rental income	77,075	0	77,075	9,242
Sales of materials and services, net of direct benefit cost of \$ 27,128 and \$ 13,351 for 1998 and 1997, respectively.	<u>1,738,509</u>	<u>0</u>	<u>1,738,509</u>	<u>1,586,180</u>
Total other revenue	<u>2,600,150</u>	<u>0</u>	<u>2,600,150</u>	<u>2,546,763</u>
Total revenue from operations	<u>12,291,730</u>	<u>0</u>	<u>12,291,730</u>	<u>12,141,957</u>

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



VOLUNTEERS OF AMERICA OF GREATER NEW ORLEANS, INC.  
CONSOLIDATED STATEMENTS OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 1998  
WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 1997

	Unrestricted	Permanently Restricted	1998	1997 (NOTE 2)
<b>EXPENSES</b>				
<b>Operating expenses:</b>				
Program Services:				
Sheltered Remunerative Employment	\$ 1,429,869	\$ 0	\$ 1,429,869	\$ 1,471,213
Single Room Occupancy	49,442	0	49,442	0
Community Living Services	2,387,322	0	2,387,322	2,442,064
Supported Living Services	1,486,694	0	1,486,694	1,397,355
Elderly Services	633,460	0	633,460	577,375
Community Correctional Centers	1,054,933	0	1,054,933	1,073,780
Juvenile Services	1,905,372	0	1,905,372	993,266
Family/Youth Community Service	6,446	0	6,446	0
Children Services	1,160,936	0	1,160,936	1,042,500
Maternity Services	257,414	0	257,414	266,868
Neighborhood Development	54,880	0	54,880	1,628
Housing Services	11,541	0	11,541	0
Case Management	5,531	0	5,531	895,052
Training and evaluation	163,009	0	163,009	129,258
Total program services	<u>10,606,849</u>	<u>0</u>	<u>10,606,849</u>	<u>10,290,359</u>
Support Services:				
Community Support	115,786	0	115,786	55,876
Management and General	1,293,909	0	1,293,909	1,219,300
Total support services	<u>1,409,695</u>	<u>0</u>	<u>1,409,695</u>	<u>1,275,176</u>
Administrative Fee	273,009	0	273,009	278,866
Total operating expenses	<u>12,289,553</u>	<u>0</u>	<u>12,289,553</u>	<u>11,844,401</u>
Excess (deficiency) from operations	<u>2,177</u>	<u>0</u>	<u>2,177</u>	<u>297,556</u>

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

VOLUNTEERS OF AMERICA OF GREATER NEW ORLEANS, INC.  
CONSOLIDATED STATEMENTS OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 1998  
WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 1997

	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>1998</u>	<u>1997</u> (NOTE 2)
<b>Non-operating gains (losses) from other activities:</b>				
Interest and dividend income (NOTE 4)	\$ 41,802	\$ 3,620	\$ 45,422	\$ 39,401
Gain on sale of investments	138,784	0	138,784	87,430
Unrealized gain on investments (NOTE 4)	63,208	0	63,208	84,809
Other income	87,843	0	87,843	81,577
Total non-operating gains (losses) from other activities	<u>331,637</u>	<u>3,620</u>	<u>335,257</u>	<u>293,217</u>
Change in net assets	<u>333,814</u>	<u>3,620</u>	<u>337,434</u>	<u>590,773</u>
Net assets, beginning of year, as previously reported	3,718,580	22,306	3,740,886	3,334,200
Prior period adjustment	<u>0</u>	<u>0</u>	<u>0</u>	<u>(184,087)</u>
Net assets, beginning of year, as restated	<u>3,718,580</u>	<u>22,306</u>	<u>3,740,886</u>	<u>3,150,113</u>
Net assets, end of year	<u>\$ 4,052,394</u>	<u>\$ 25,926</u>	<u>\$ 4,078,320</u>	<u>\$ 3,740,886</u>

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

VOLUNTEERS OF AMERICA (V)  
CONSOLIDATED STATEMENTS  
FOR THE YEAR ENDED  
WITH SUMMARIZED FINANCIAL INFORMATION

	Program Services								
	Sheltered Remunerative Employment	Single Room Occupancy	Community Living Services	Supported Living Services	Elderly Services	Community Correctional Centers	Juvenile Services	Family/Youth Community Service	Children's Services
Salaries and wages	\$ 688,835	\$ 36,508	\$ 1,083,034	\$ 1,174,089	\$ 427,876	\$ 594,139	\$ 598,725	\$ 0	\$ 704,629
Employee bonuses	7,000	1,038	22,750	19,788	7,500	11,288	0	3,000	13,250
Pension expense	8,105	497	16,234	11,254	10,912	17,800	12,820	0	14,662
Other employee benefits	18,713	2,482	37,139	26,383	17,526	21,197	30,948	0	34,959
Payroll taxes	73,893	2,650	90,750	96,255	36,671	62,198	47,834	245	57,990
Legal fees	2,731	0	1,460	2,038	56	2,101	158	0	0
Accounting fees	0	0	4,566	0	0	0	0	0	0
Other professional fees	111,418	0	507,478	40,988	28,892	44,571	640,571	0	83,232
Supplies expenses	49,101	0	107,712	13,050	22,956	144,883	22,586	3,201	80,823
Telephone	8,217	45	24,257	13,806	19,307	6,404	29,179	0	5,257
Postage	407	0	534	415	1,378	389	2,843	0	118
Occupancy expenses	253,514	20	219,926	26,376	30,224	98,941	51,162	0	73,867
Interest expense	1,882	0	51,917	31	9	12,036	92	0	838
Equipment rental and maintenance	1,088	0	13,657	3,318	1,886	2,877	5,440	0	1,265
Printing and publications	1,162	0	1,247	429	1,451	0	3,129	0	719
Travel	131,841	1,332	98,010	46,144	20,162	12,138	49,298	0	46,453
Conferences	1,010	0	2,964	1,242	5,027	10,080	2,420	0	2,116
Specific assistance to individuals	2,335	0	33,502	3,089	0	600	401,250	0	16,236
Other	2,558	4,870	10,002	4,904	1,382	3,844	807	0	2,313
Depreciation	66,059	0	60,183	3,095	245	39,447	6,110	0	22,209
<b>Total functional expenses</b>	<b>\$ 1,429,869</b>	<b>\$ 49,442</b>	<b>\$ 2,387,322</b>	<b>\$ 1,486,694</b>	<b>\$ 633,460</b>	<b>\$ 1,054,933</b>	<b>\$ 1,905,372</b>	<b>\$ 6,446</b>	<b>\$ 1,160,936</b>
<b>Administrative fees</b>									
<b>Total operating expenses</b>									
<b>Direct benefit cost</b>									
<b>Total operating expenses and direct benefit cost</b>									

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

GREATER NEW ORLEANS, INC.  
 OF FUNCTIONAL EXPENSES  
 ED JUNE 30, 1998  
 ON FOR THE YEAR ENDED JUNE 30, 1997

Maternity Services	Neighborhood Development	Housing Services	Case Management	Training and Evaluation	Total Program Services	Support Services			1998	1997
						Community Support	Management and General	Total Support Services		
\$ 129,718	\$ 31,227	\$ 6,759	\$ 0	\$ 108,826	\$ 5,584,365	\$ 30,783	\$ 614,223	\$ 645,006	\$ 6,229,371	\$ 6,114,834
1,500	500	0	5,500	1,289	94,403	538	9,077	9,615	104,018	0
3,773	86	0	0	6,822	102,965	2,104	26,850	28,954	131,919	111,736
4,577	1,556	420	(419)	3,902	199,383	1,790	61,396	63,186	262,569	256,695
10,573	2,595	553	450	5,878	488,535	211	42,940	43,151	531,686	523,106
5,365	0	145	0	174	14,228	7,015	7,488	14,503	28,731	29,774
0	0	0	0	0	4,566	0	26,615	26,615	31,181	35,025
12,350	3,050	3,664	0	15,410	1,491,624	7,018	98,925	105,943	1,597,567	1,503,083
9,106	4,431	0	0	3,653	431,502	486	33,131	33,617	465,119	521,893
10,577	1,163	0	0	1,344	119,556	1,764	17,396	19,160	138,716	135,174
1,417	0	0	0	97	7,598	591	10,095	10,686	18,284	20,731
23,273	7,428	0	0	11,289	796,020	9,920	64,339	74,259	870,279	858,971
53	21	0	0	0	66,879	57	72,464	72,521	139,400	140,505
1,884	0	0	0	258	31,673	143	4,066	4,209	35,882	39,882
3,002	233	0	0	553	11,925	118	27,883	28,001	39,926	39,940
6,382	196	0	0	165	412,121	164	0	164	412,285	404,541
1,170	1,599	0	0	2,230	29,858	1,218	49,536	50,754	80,612	64,186
28,858	0	0	0	0	485,870	0	0	0	485,870	397,365
1,482	198	0	0	484	32,844	37,647	75,796	113,443	146,287	102,688
2,354	597	0	0	635	200,934	14,219	51,689	65,908	266,842	265,406
\$ 257,414	\$ 54,880	\$ 11,541	\$ 5,531	163,009	\$ 10,606,849	\$ 115,786	\$ 1,293,909	\$ 1,409,695	12,016,544	11,565,535
									273,009	278,866
									12,289,553	11,844,401
									54,787	41,590
									\$ 12,344,340	\$ 11,885,991

part of these financial statements

**VOLUNTEERS OF AMERICA OF GREATER NEW ORLEANS, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 1998 AND 1997**

	1998	1997 (NOTE 2)
<b>Operating activities:</b>		
Change in net assets	\$ 337,434	\$ 590,773
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	266,842	265,406
Prior period adjustment	0	(184,087)
Unrealized gains on investments	(63,208)	(84,809)
Gains on sales of investments	(138,784)	(87,430)
Provision for doubtful accounts	16,240	0
Changes in operating assets and liabilities:		
Grants receivable	201,563	(2,873)
Accounts receivable	(9,302)	0
Prepaid expenses	8,817	8,098
Other assets	(23,590)	92,407
Encumbered assets	21,732	(65,927)
Accounts payable	9,853	(142,688)
Accrued expenses	190,249	193,733
Other current and noncurrent liabilities	(155,868)	145,531
Net cash (used in) provided by operating activities	661,978	728,134
<b>Investing activities:</b>		
Proceeds from sale of investments	1,455,629	1,675,283
Purchase of investments	(1,532,494)	(1,631,545)
Proceeds from sale of property and equipment	26,256	186,611
Purchases of property and equipment	(481,413)	(1,155,095)
Increase in Investment in VOA Development, Inc.	(83,972)	(284,077)
Net cash (used in) provided by investing activities	(615,994)	(1,208,823)

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



**VOLUNTEERS OF AMERICA OF GREATER NEW ORLEANS, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 1998 AND 1997**

	1998	1997 (NOTE 2)
<b>Financing activities:</b>		
Increase (decrease) in bank overdrafts	101,597	227,763
Net increase in mortgages and notes payable	0	603,782
Principal payments on mortgages and notes payable	(166,800)	(295,093)
Net cash (used in) provided by financing activities	(65,203)	536,452
Net increase (decrease) in cash and cash equivalents	(19,219)	55,763
Cash and cash equivalents, beginning of year	144,264	88,501
Cash and cash equivalents, end of year	\$ 125,045	\$ 144,264
<b>Supplemental disclosure for Cash Flow Purposes:</b>		
Interest paid	\$ 139,400	\$ 140,505

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

**VOLUNTEERS OF AMERICA OF GREATER NEW ORLEANS, INC.  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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**NOTE 1 - ORGANIZATION**

Volunteers of America of Greater New Orleans, Inc. (VOA/GNO, Inc.) is a not-for-profit Christian human services organization, recognized as a church, incorporated in the State of Louisiana, which provides social services within the Greater New Orleans and Southeast Louisiana areas, and operates under a charter issued by Volunteers of America, Inc. (VOA, Inc.), a national religious not-for-profit corporation.

VOA/GNO, Inc. operates and maintains programs to meet a wide variety of needs for individuals in VOA/GNO, Inc.'s service areas. The programs provide numerous social services including the following:

**Sheltered Remunerative Employment**

This program provides shelter, employment and a mission program for homeless alcoholic men in a supportive drug and alcohol-free environment to promote personal self-worth and dignity through productive work and sobriety.

This program is funded through contributions, sales to the public, salvage and thrift store operations and fund raising activities.

**Single Room Occupancy**

The program provides for the operation of a homeless shelter. The program is funded through contributions, fundraising and various grants and contracts.

**Community Living Services**

This program provides pre-vocational and vocational placement, employment support and a day treatment program placement for adults with developmental disabilities in an effort to enhance their self-esteem and functional productivity in a small, community-based residential setting.

This program is funded by the State of Louisiana, Department of Health and Hospitals, Title XIX and fund raising activities.

**VOLUNTEERS OF AMERICA OF GREATER NEW ORLEANS, INC.**  
**(CONTINUED)**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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**NOTE 1 - ORGANIZATION**  
**CONTINUED**

Supported Living Services

This program serves adults with developmental disabilities and/or mental illness by helping them maintain their own residence in the community and provides training in personal, vocational and social skills and supportive counseling. The program also assist in meeting the medical, employment, financial, recreational and mobilization needs.

This program is funded by the State of Louisiana, Department of Health and Hospitals, Office of Mental Health and Office of Community Services and fund raising activities.

Elderly Services

This program fosters independent living with dignity and a sense of self-reliance for the elderly. The program also sponsors educational and health-related activities, homemaker services, repairs on wheels and elderly protective services.

This program is funded by the United Way, contributions, various state grants and fund raising activities.

Community Correctional Centers

This program re-establishes family relationships and support, gainful employment, and drug abstinence for men and women that are being released from federal institutions.

This program is funded by the Department of Justice Bureau of Prisons, Pre-Trial Services and fund raising activities.

**VOLUNTEERS OF AMERICA OF GREATER NEW ORLEANS, INC.**  
**(CONTINUED)**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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NOTE 1 - ORGANIZATION  
CONTINUED

Juvenile Services

This program provides services to individuals and their families who are chronically mentally ill and are homeless and provides a family-like environment for boys ages 5-18 who are emotionally disturbed or delinquent.

This program is funded by the State of Louisiana, Department of Health and Hospitals and fund raising activities.

Family/Youth Community Service

This program provides services to individuals and their families and promotes community service activities.

The program is funded through fund raising activities.

Children's Services

This program provides services to children with developmental disabilities from birth to age 18 to enhance their functioning by living in small, typical homes in the community.

This program is funded by the State of Louisiana, Department of Health and Hospitals, Title XIX and fund raising activities.

Maternity Services

This program provides young women with viable positive alternatives when facing single parenthood by providing counseling for pregnant young women and providing adoption services.

This program is funded by the United Way, program service fees and fund raising activities.

**VOLUNTEERS OF AMERICA OF GREATER NEW ORLEANS, INC.**  
**(CONTINUED)**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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NOTE 1 - ORGANIZATION  
CONTINUED

Neighborhood Development

This program is in its formative stages with an aim toward improving and developing the surrounding environment in conjunction with the goals and objectives of VOA/GNO, Inc.

This program is funded through fund raising activities.

Housing Services

This program assist in finding shelter for homeless individuals. This program is funded by fund raising activities.

Case Management

This program provides overall case management for individuals with mental illness.

This program is funded by the State of Louisiana, Department of Health and Hospitals and fund raising activities.

Training and Evaluation

This program identifies, facilitates and coordinates training to ensure that the staff members are equipped to perform their jobs.

This program is funded through fund raising activities.



**VOLUNTEERS OF AMERICA OF GREATER NEW ORLEANS, INC.**  
**(CONTINUED)**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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NOTE 1 - ORGANIZATION  
CONTINUED

Community Support

This program solicits community support to facilitate and promote the operations of VOA/GNO, Inc.

This program is funded through fund raising activities.

Management and General

This program facilitates and coordinates the operations of VOA/GNO, Inc.. The resources of management and general are used to fund operations of VOA/GNO, Inc. that are not directly covered by specific programs administered by VOA/GNO, Inc..

This program is funded through program service fees and fund raising activities.

Community Living Center, Inc. (CLC, Inc.) is a not-for-profit corporation organized under the laws of the State of Louisiana and sponsored by VOA/GNO, Inc.. No capital stock is authorized, issued, or outstanding. CLC, Inc. was formed to acquire an interest in real property and to construct and operate thereon two six-unit group homes under Section 202 of the National Housing Act in order to provide housing for persons developmentally disabled. CLC, Inc. operates FHA Project No. 064-EH-036-WHC-L8-NP.

Throughout the notes to the consolidated financial statements, VOA/GNO, Inc. and CLC, Inc. will be collectively referred to as the Organization. The financial statements of VOA/GNO, Inc. and CLC, Inc. have been consolidated as they are under common management. Additionally, these financial statements do not include the activities of VOA Development, Inc., a wholly owned subsidiary of VOA/GNO, Inc. (See Note 12).

**VOLUNTEERS OF AMERICA OF GREATER NEW ORLEANS, INC.**  
**(CONTINUED)**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

The Organization prepares its financial statements on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

**Basis for Consolidation**

The accompanying consolidated financial statements include the accounts of Community Living Center, Inc.. Intercompany transactions and balances have been eliminated in consolidation.

**Investments**

In accordance with SFAS No. 124 investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the consolidated statement of financial position. Unrealized gains and losses are included in the change in net assets.

All other investments are reported at historical cost, if purchased, or if contributed at fair value at the date of contribution.

**Property and Equipment**

Land, buildings, vehicles, and furnishings and equipment purchased by the Organization are recorded at cost. Donations of property and equipment are recorded at their fair value at the date of gift. All expenditures for land, buildings and equipment over \$1,000 are capitalized. The fair value of donated fixed assets are also capitalized.

**VOLUNTEERS OF AMERICA OF GREATER NEW ORLEANS, INC.**  
**(CONTINUED)**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**CONTINUED**

Depreciation and amortization is computed using the straight-line method based upon the following estimated useful lives:

	<u>Years</u>
Buildings and improvements	10 - 40
Furnishings and equipment	5 - 10
Vehicles	3 - 5

Net Assets

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, temporarily restricted, and permanently restricted. In addition, the Organization is required to present a statement of cash flows. The Organization has discontinued its use of fund accounting and, accordingly, reclassified its financial statements to present the three classes of net assets as applicable.

A description of the two applicable net asset categories identified in the consolidated financial statements are as follows:

Unrestricted Net Assets

*Unrestricted net assets* include funds not subject to donor-imposed stipulations. The revenues received and the expenses incurred in conducting the missions of the Organization are included in this category. The Organization has determined that any donor-imposed restrictions for current or developing programs and activities are generally met within the operating cycle of the Organization and therefore the Organization's policy is to record these net assets as unrestricted.

Permanently Restricted Net Assets

Permanently restricted net assets are required by donor-imposed restrictions to be invested in perpetuity and are unavailable for general use of the Organization.

**VOLUNTEERS OF AMERICA OF GREATER NEW ORLEANS, INC.**  
**(CONTINUED)**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

---

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**CONTINUED**

Contributions

Under SFAS No. 116 contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Restricted net assets are reclassified to unrestricted net assets upon satisfaction of the time or purpose restrictions.

Contributions are generally recorded only upon receipt, unless an unconditional promise to give has been received and confirmed. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of the amounts expected to be collected. Conditional promises to give are not included as support until such time as the conditions are substantially met. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

Allowances for Losses

Allowances for estimated losses on receivables are provided when, in the opinion of management, such losses are expected to be incurred.

Encumbered Assets

Encumbered assets represent the total of all assets encumbered by legal agreements or are otherwise unavailable for the general use of the organization. This category generally includes assets such as client/custodial funds, escrow/reserve funds, and permanently restricted assets.



**VOLUNTEERS OF AMERICA OF GREATER NEW ORLEANS, INC.**  
**(CONTINUED)**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
CONTINUED

Contributed Services

The Organization recognizes 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.

Annual Leave

All full-time employees are permitted to accrue a maximum of 168 hours of annual leave. Upon termination of employment, an employee is paid for their accrued annual leave at their current hourly rate of pay.

Donated Merchandise

The Organization operates salvage stores where donated merchandise is resold to the public. This merchandise is not assigned a value and in the opinion of management, there is no objective basis for determining the fair value of these items.

Income Taxes

The Organization is included in the group income tax exemption granted to VOA, Inc.. Accordingly, the Organization is exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as a religious organization described in Section 501(c)(3). The federal tax exemption also extends to state income taxes.



**VOLUNTEERS OF AMERICA OF GREATER NEW ORLEANS, INC.**  
**(CONTINUED)**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

---

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
CONTINUED

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 may differ from those estimates.

Allocation of Functional Expenses

The cost of providing the various programs and other activities have been summarized on a functional basis. Accordingly, certain cost have been allocated among the programs and supporting services benefitted.

Cash Equivalents

The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents, unless pledged to secure loan agreements or otherwise encumbered. The carrying amount approximates fair value because of the short maturity of those instruments.

Summary of Financial Information for 1997

The financial statements include certain prior-year summarized comparative information in total but not by net asset class or functional classification. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with Organization's financial statements for the year ended June 30, 1997, from which the summarized information was derived.

**VOLUNTEERS OF AMERICA OF GREATER NEW ORLEANS, INC.**  
**(CONTINUED)**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

---

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**CONTINUED**

**Reclassification**

Certain reclassifications have been made to prior year's financial statements to conform to the current year's presentation.

**NOTE 3 - ACCOUNTS RECEIVABLE**

At June 30, 1998 amounts included in accounts receivable were as follows:

Accounts receivable	\$1,340,476
Less: Allowance for doubtful accounts	<u>(10,885)</u>
Accounts receivable, net	<u>\$1,329,591</u>

The following represents an analysis of the allowance for doubtful accounts for the year ended June 30, 1998:

Balance at June 30, 1997	\$ 88,644
Provision for doubtful accounts	16,240
Charge-offs	<u>(93,999)</u>
Balance at June 30, 1998	<u>\$ 10,885</u>

**NOTE 4 - INVESTMENTS**

Investments are stated at fair value and are summarized as follows as of June 30, 1998:

	<u>Cost</u>	<u>Fair Value</u>	<u>Carrying Value</u>
Corporate bonds	\$ 353,453	\$ 354,642	\$ 354,642
Government bonds	25,000	25,323	25,323
Zero coupon bonds	129,420	150,408	150,408
Common stock	614,771	601,695	601,695
Mutual funds	<u>249,428</u>	<u>334,726</u>	<u>334,726</u>
	<u>\$ 1,372,072</u>	<u>\$1,466,794</u>	<u>\$1,466,794</u>

**VOLUNTEERS OF AMERICA OF GREATER NEW ORLEANS, INC.**  
**(CONTINUED)**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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**NOTE 4 - INVESTMENTS**  
**CONTINUED**

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended June 30, 1998:

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Interest income	\$ 41,802	\$ 3,620	\$ 45,422
Unrealized gains on investments	63,208	-0-	63,208
Realized gains on sale of investments	<u>138,784</u>	<u>-0-</u>	<u>138,784</u>
	<u>\$243,794</u>	<u>\$ 3,620</u>	<u>\$247,414</u>

The primary investment objective of the Organization is to preserve and protect its assets, by earning a total return appropriate to time horizon, liquidity needs, and risk tolerance.

To accomplish the Organization's investment objectives, the Organization utilizes portfolios of equity securities (common stocks and convertible securities), fixed-income securities, and short-term investments.

**NOTE 5 - FIXED ASSETS**

Fixed asset consist of the following at June 30, 1998:

Land	\$ 629,701	
Buildings and building improvements	4,076,132	
Vehicles	493,091	
Furnishings and equipment	<u>699,362</u>	
	5,898,286	
Less: Accumulated depreciation	<u>(2,544,860)</u>	
	<u>\$ 3,353,426</u>	

Depreciation expense was \$266,842 for the year ended June 30, 1998.

**VOLUNTEERS OF AMERICA OF GREATER NEW ORLEANS, INC.**  
**(CONTINUED)**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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**NOTE 6 - ENCUMBERED ASSETS**

At June 30, 1998 amounts included in encumbered assets were as follows:

Cash and cash equivalents	\$44,544
Investments, at fair value	<u>25,926</u>
	<u>\$70,470</u>

**NOTE 7 - MORTGAGES AND NOTES PAYABLE**

The following is a summary of mortgages and notes payable at June 30, 1998:

Mortgages payable to banks and HUD secured by land and buildings with interest rates ranging from 6.00% - 9.25%, payable in monthly installments ranging from \$827 - \$5,816, with maturity dates ranging from August, 1997 - June 2024	\$1,264,819
Advances under a line-of-credit with a variable interest rate, with no stated maturity date.	<u>152,000</u>
	1,416,819
Less: Current portion	<u>(348,519)</u>
	<u>\$ 1,068,300</u>

**VOLUNTEERS OF AMERICA OF GREATER NEW ORLEANS, INC.**  
**(CONTINUED)**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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**NOTE 7 - MORTGAGES AND NOTES PAYABLE**  
**CONTINUED**

Scheduled principle payments due on the above mortgages and notes subsequent to June 30, 1998 are as follows:

Year ended <u>June 30,</u>	
1999	\$ 348,519
2000	136,981
2001	38,196
2002	465,824
2003	-0-
Subsequent years	<u>427,299</u>
	<u>\$1,416,819</u>

Interest expense for the year ended June 30, 1998 was \$139,400.

**NOTE 8 - RELATED PARTY TRANSACTIONS**

VOA, Inc. provides administrative services to the Organization for a fee. These Administrative fees for the fiscal year ended June 30, 1998 totaled \$273,009.

Prior to July 1, 1993 VOA Housing Corporation managed the two complexes operated by CLC, Inc. and as of June 30, 1997, \$26,456 was included in other current liabilities for management fees due to VOA Housing Corporation.



**VOLUNTEERS OF AMERICA OF GREATER NEW ORLEANS, INC.**  
**(CONTINUED)**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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**NOTE 9 - LEASES**

The Organization has several operating leases for the rental of office space which are noncancellable over the next year. Additionally, the Organization has several operating leases for the rental of office space on a month-to-month basis.

Minimum future rental payments under noncancellable operating leases having remaining terms in excess one year as of June 30, 1998 for each of the next five years and in the aggregate are as follows:

<u>Year ended</u> <u>June 30</u>	
1999	\$224,246
2000	213,955
2001	213,955
2002	152,906
2003	51,693
Subsequent to 2003	<u>3,700</u>
	<u>\$860,455</u>

Rental expense under the noncancellable operating leases for the year ended June 30, 1998 was \$162,461.

**NOTE 10 - PENSION PLAN FOR MINISTERS**

VOA/GNO, 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 \$33,440 for the year ended June 30, 1998.

Because the plan is a multi-employer plan, the accumulated benefits and net assets available for benefits as they related to VOA/GNO, Inc. are not readily available.

**VOLUNTEERS OF AMERICA OF GREATER NEW ORLEANS, INC.**  
**(CONTINUED)**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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**NOTE 11 - EMPLOYEE BENEFIT PLANS**

The Organization offers a Section 403(b) plan to all eligible nonministers. Nonministers are eligible to participate after completing 12 months of service. Under the terms of the plan, the Organization contributes 3.50% of yearly employee compensation and matches an additional .25% of employee contributions up to a total maximum contribution of 3.75% of yearly employee compensation. The Organization contributed approximately \$98,479 to the plan for the year ended June 30, 1998.

**NOTE 12 - INVESTMENT IN VOA DEVELOPMENT, INC.**

VOA Development, Inc. is a wholly owned subsidiary of VOA/GNO, Inc. VOA Development, Inc. is a not-for-profit corporation that was incorporated on May 15, 1995 for the sole purpose of entering a partnership agreements with a local bank to own a homeless shelter in the Greater New Orleans area. VOA Development, Inc. is a 1% general partner in this partnership and VOA/GNO, Inc. is responsible for the day-to-day operations of the homeless shelter.

**NOTE 13 - FAIR VALUES OF FINANCIAL INSTRUMENTS**

**Cash and Cash Equivalents**

The carrying amount approximates fair value due to the short-term nature of the instruments.

**Investments**

Fair value have been determined using quoted market prices for all investments.

**Grants and Accounts Receivable, Net**

The carrying amount of grants and accounts receivable approximates the fair value.

**Accounts Payable and Bank Overdrafts**

The carrying amounts have been determined to approximate the fair value.

**VOLUNTEERS OF AMERICA OF GREATER NEW ORLEANS, INC.**  
**(CONTINUED)**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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**NOTE 13 - FAIR VALUES OF FINANCIAL INSTRUMENTS,**  
**CONTINUED**

Mortgage and Notes Payable

The carrying amounts have been determined to approximate the fair value.

The carrying amounts and estimated fair value of the Organization's financial instruments as of June 30, 1998 are as follows:

	<u>Carrying</u> <u>Amounts</u>	<u>Fair</u> <u>Value</u>
<b>Financial Assets:</b>		
Cash and equivalents	\$ 125,045	\$ 125,045
Investments	1,466,794	1,466,794
Grants receivable, net	1,329,591	1,329,591
Accounts receivable	9,302	9,302
<b>Financial Liabilities:</b>		
Bank overdrafts	431,756	431,756
Accounts payable	105,419	105,419
Mortgage and notes payable	1,416,819	1,416,819

**VOLUNTEERS OF AMERICA OF GREATER NEW ORLEANS, INC.**  
**(CONTINUED)**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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**NOTE 14 - CONTINGENCIES**

Funding Sources

The Organization receives fees and grants from local, state and federal governmental agencies. The programs sponsored by these agencies are subject to discretionary audits by the granting agencies. There have been no audits by granting agencies in fiscal year 1998 and management does not anticipate any adjustments as a result of future audits. Any adjustment from an audit performed by a granting agency would flow through the consolidated financial statements during the year of the audit as a change in an accounting estimate.

Grant agreements and contracts allow the Organization to transfer surpluses to the current unrestricted fund at the end of each fiscal year.

Legal

The Organization is a defendant in various lawsuits. However, in the opinion of management, the amount of potential loss, if any, will not materially impact these consolidated financial statements.

**NOTE 15 - YEAR 2000 COMPLIANCE**

Volunteers of America/Greater New Orleans is very aware of the year 2000 problem and has established a Y2K Task force made up of at least one person from each service program and support group. The role of the task force is as follows:

- Awareness - Educate all employees about Y2K.
- Inventory - Not just data processing, but everything that can be effected by this problem.
- Assessment and planning - After inventory, the Task force will assess the agency situation to determine how severe and widespread it is.
- Correction and testing phase - Correct and test those areas that are not Y2K compliant.

The agency will have a contingency plan in place for any Y2K failures.

## **SUPPLEMENTARY INFORMATION**



**VOLUNTEERS OF AMERICA OF GREATER NEW ORLEANS, INC.  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 1998**

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Agency Number</u>	<u>Activity</u>
<b>U. S. Department of Housing and Urban Development</b>			
Direct Awards:			
Section 202 Direct Loan	064-EH036	064-EH036- WHC-NP-L8	\$ 427,299
Section 8 Housing Assistance Payments	14.857	LA48-T791-012	105,575
Supportive Housing Program	14.235	LA48-B93-1074	502,991
<b>U. S. Department of Housing and Urban Development</b>			
Passed through UNITY for the Homeless-Housing Opportunities for Persons with AIDS	14.241	LA48-H95-F052	42,958
Passed through the City of New Orleans-Division of Housing and Neighborhood Development-Community Development Block Grant (Repairs on Wheels)	14.218	CD#10-070(97)	<u>40,081</u>
Total U. S. Department of Housing and Urban Development			<u>\$1,118,904</u>

See Independent Auditors' Report on Supplementary Information.

**VOLUNTEERS OF AMERICA OF GREATER NEW ORLEANS, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**(CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 1998**

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Agency Number</u>	<u>Activity</u>
U. S. Department of Health and Human Services: Passed through State of Louisiana Department of Social Services- Office of Community Services Therapeutic Family Care Services for Foster Children	93.658	020011846	\$ 193,943
U. S. Department of Health and Human Services: Passed through New Orleans Council on Aging-Residential Repair and Renovation (Repairs-on-Wheels)	93.044	N/A	23,891
U. S. Department of Health and Human Services: Passed through the State of Louisiana Department of Health and Hospitals- Office of Mental Health-Homeless Case Aides Services	93.150	61476/527552	28,373
U. S. Department of Health and Human Services: Passed through the State of Louisiana Department of Health and Hospitals Office of Mental Health-Supervised Apartments-Adult Services	93.958	522296	50,765
U. S. Department of Health and Human Services: Passed through State of Louisiana Department of Health and Hospitals- Office of Mental Health-Therapeutic Planned Recreation Respite Program	93.958	523986	<u>24,776</u>
Total U. S. Department of Health and Human Services			<u>321,748</u>
Total Federal Expenditures			<u>\$1,440,652</u>

See Independent Auditors' Report on Supplementary Information.

**VOLUNTEERS OF AMERICA OF GREATER NEW ORLEANS, INC.**  
**CONSOLIDATING STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 1998**  
**WITH SUMMARIZED INFORMATION FOR JUNE 30, 1997**

	VOA/GNO, Inc.	CLC, Inc.	Total	Eliminations	Consolidated	
					1998	1997
<b>Current Assets:</b>						
Cash and cash equivalents	\$ 112,293	\$ 12,752	\$ 125,045	\$ 0	\$ 125,045	\$ 144,264
Accounts receivable, net of allowance for doubtful accounts of \$ 10,885 and \$ 88,644 at June 30, 1998 and 1997, respectively.	1,324,278	5,313	1,329,591	0	1,329,591	1,547,394
Accounts receivable - CLC, Inc.	115,792	0	115,792	(115,792)	0	0
Notes receivable - CLC, Inc.	10,218	0	10,218	(10,218)	0	0
Notes receivable - other	9,302	0	9,302	0	9,302	0
Prepaid expenses	3,990	377	4,367	0	4,367	13,184
Other assets	42,731	2,378	45,109	0	45,109	21,519
<b>Total current assets</b>	<b>1,618,604</b>	<b>20,820</b>	<b>1,639,424</b>	<b>(126,010)</b>	<b>1,513,414</b>	<b>1,726,361</b>
<b>Fixed Assets:</b>						
Land, building and building improvements	4,129,171	576,663	4,705,834	0	4,705,834	4,436,143
Vehicles, furnishings and equipment	1,192,452	0	1,192,452	0	1,192,452	2,093,579
Accumulated depreciation	(2,388,521)	(156,339)	(2,544,860)	0	(2,544,860)	(3,364,611)
<b>Total fixed assets</b>	<b>2,933,102</b>	<b>420,324</b>	<b>3,353,426</b>	<b>0</b>	<b>3,353,426</b>	<b>3,165,111</b>
<b>Other Assets:</b>						
Investments	1,466,794	0	1,466,794	0	1,466,794	1,187,937
Long-term notes receivable - CLC, Inc.	25,545	0	25,545	(25,545)	0	0
Investment in VOA Development, Inc.	448,639	0	448,639	0	448,639	364,667
Encumbered assets	64,912	5,558	70,470	0	70,470	92,202
<b>Total other assets</b>	<b>2,005,890</b>	<b>5,558</b>	<b>2,011,448</b>	<b>(25,545)</b>	<b>1,985,903</b>	<b>1,644,806</b>
<b>Total assets</b>	<b>\$ 6,557,596</b>	<b>\$ 446,702</b>	<b>\$ 7,004,298</b>	<b>\$ (151,555)</b>	<b>\$ 6,852,743</b>	<b>\$ 6,536,278</b>

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

VOLUNTEERS OF AMERICA OF GREATER NEW ORLEANS, INC.  
CONSOLIDATING STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 1998  
WITH SUMMARIZED INFORMATION FOR JUNE 30, 1997

	VOA/GNO, Inc.	CLC, Inc.	Total	Eliminations	Consolidated	
					1998	1997
<b>LIABILITIES AND NET ASSETS</b>						
<b>Current liabilities:</b>						
Bank overdrafts	\$ 431,756	\$ 0	\$ 431,756	\$ 0	\$ 431,756	\$ 330,159
Accounts payable	103,289	2,130	105,419	0	105,419	95,566
Accounts payable - VOA/GNO, Inc.	0	115,792	115,792	(115,792)	0	0
Mortgages and notes payable	348,519	0	348,519	0	348,519	436,322
Notes payable - VOA/GNO, Inc.	0	10,218	10,218	(10,218)	0	0
Accrued expenses	670,070	3,929	673,999	0	673,999	483,750
Other liabilities	111,222	27,801	139,023	0	139,023	207,088
Total current liabilities	1,664,856	159,870	1,824,726	(126,010)	1,698,716	1,552,885
<b>Other liabilities:</b>						
Long-term mortgages and notes payable	641,001	427,299	1,068,300	0	1,068,300	1,235,100
Long-term note payable - VOA/GNO, Inc.	0	25,545	25,545	(25,545)	0	0
Other	7,407	0	7,407	0	7,407	7,407
Total other liabilities	648,408	452,844	1,101,252	(25,545)	1,075,707	1,242,507
Total liabilities	2,313,264	612,714	2,925,978	(151,555)	2,774,423	2,795,392
<b>Net assets:</b>						
Unrestricted	4,218,406	(166,012)	4,052,394	0	4,052,394	3,718,580
Permanently restricted	25,926	0	25,926	0	25,926	22,306
Total net assets	4,244,332	(166,012)	4,078,320	0	4,078,320	3,740,886
Total liabilities and net assets	\$ 6,557,596	\$ 446,702	\$ 7,004,298	\$ (151,555)	\$ 6,852,743	\$ 6,536,278

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

VOLUNTEERS OF AMERICA OF GREATER NEW ORLEANS, INC.  
CONSOLIDATING STATEMENTS OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 1998  
WITH SUMMARIZED INFORMATION FOR THE YEAR ENDED JUNE 30, 1997

	VOA/GNO, Inc.		CLC, Inc.		Total		Consolidated	
	1998	1997	1998	1997	1998	1997	1998	1997
<b>REVENUES</b>								
<b>Revenues from Operations:</b>								
Public Support Received Directly:								
Contributions	\$ 94,861	\$ 0	\$ 94,861	\$ 0	\$ 94,861	\$ 0	\$ 94,861	\$ 70,485
Special events, net of direct cost of \$ 27,659 and \$ 28,239 for 1998 and 1997, respectively	113,647	0	113,647	0	113,647	0	113,647	80,452
Public Support Received Indirectly:								
United Way	123,506	0	123,506	0	123,506	0	123,506	139,167
Total public support	332,014	0	332,014	0	332,014	0	332,014	290,104
Revenue and Grants from Governmental Agencies	9,253,991	0	9,253,991	105,575	9,359,566	0	9,359,566	9,305,090
<b>Other revenue:</b>								
Program service fees	790,679	0	790,679	0	790,679	0	784,566	951,341
Rental income	77,075	0	77,075	16,691	93,766	0	77,075	9,242
Sales of materials and services, net of direct benefit cost of \$ 27,128 and \$ 13,351 for 1998 and 1997	1,738,509	0	1,738,509	0	1,738,509	0	1,738,509	1,586,180
Total other revenue	2,606,263	0	2,606,263	16,691	2,622,954	0	2,600,150	2,546,763
Total revenue from operations	12,192,268	0	12,192,268	122,266	12,314,534	0	12,291,730	12,141,957

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

VOLUNTEERS OF AMERICA OF GREATER NEW ORLEANS, INC.  
CONSOLIDATING STATEMENTS OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 1998  
WITH SUMMARIZED INFORMATION FOR THE YEAR ENDED JUNE 30, 1997

Expenses	VOA/GNO, Inc.		CLC, Inc.		Total		Consolidated	
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Operating expenses:</b>								
Program Services:								
Sheltered Remunerative Employment	1,429,869	1,429,869	0	0	1,429,869	0	1,429,869	1,471,213
Single Room Occupancy	49,442	49,442	0	0	49,442	0	49,442	0
Community Living Services	2,287,690	2,287,690	122,436	0	2,410,126	(22,804)	2,387,322	2,442,064
Supported Living Services	1,486,694	1,486,694	0	0	1,486,694	0	1,486,694	1,397,355
Elderly Services	633,460	633,460	0	0	633,460	0	633,460	577,375
Community Correctional Centers	1,054,933	1,054,933	0	0	1,054,933	0	1,054,933	1,073,780
Juvenile Services	1,905,372	1,905,372	0	0	1,905,372	0	1,905,372	993,266
Family Youth Community Service	6,446	6,446	0	0	6,446	0	6,446	0
Children's Services	1,160,936	1,160,936	0	0	1,160,936	0	1,160,936	1,042,500
Maternity Services	257,414	257,414	0	0	257,414	0	257,414	266,868
Neighborhood Development	54,880	54,880	0	0	54,880	0	54,880	1,628
Housing Services	11,541	11,541	0	0	11,541	0	11,541	0
Case Management	5,531	5,531	0	0	5,531	0	5,531	895,052
Training and evaluation	163,009	163,009	0	0	163,009	0	163,009	129,258
Total program services	10,507,217	10,507,217	122,436	0	10,629,653	(22,804)	10,606,849	10,290,359
Support Services:								
Community Support	115,786	115,786	0	0	115,786	0	115,786	55,876
Management and General	1,293,909	1,293,909	0	0	1,293,909	0	1,293,909	1,219,300
Total Support Services	1,409,695	1,409,695	0	0	1,409,695	0	1,409,695	1,275,176
Administrative Fee	273,009	273,009	0	0	273,009	0	273,009	278,866
Total operating expenses	12,189,921	12,189,921	122,436	0	12,312,357	(22,804)	12,289,553	11,844,401
Excess (deficiency) from operations	2,347	2,347	(170)	0	2,177	0	2,177	297,556

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



VOLUNTEERS OF AMERICA OF GREATER NEW ORLEANS, INC.  
CONSOLIDATING STATEMENTS OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 1998  
WITH SUMMARIZED INFORMATION FOR THE YEAR ENDED JUNE 30, 1997

	VOA/GNO, Inc.		CLC, Inc.		Total		Consolidated	
<b>Non-operating gains (losses) from other activities:</b>								
Interest and dividend income	\$ 41,511	\$ 3,620	\$ 45,131	\$ 291	\$ 41,802	\$ 3,620	\$ 45,422	\$ 39,401
Gain on sale of investments	138,784	0	138,784	0	138,784	0	138,784	87,430
Unrealized gain on investments	63,208	0	63,208	0	63,208	0	63,208	84,809
Other income	87,843	0	87,843	0	87,843	0	87,843	81,577
Total non-operating gains (losses) from other activities	331,346	3,620	334,966	291	331,637	3,620	335,257	293,217
Change in net assets	333,693	3,620	337,313	121	333,814	3,620	337,434	590,773
Net assets, beginning of year, as previously reported	3,884,713	22,306	3,907,019	(166,133)	3,718,580	22,306	3,740,886	3,334,200
Prior period adjustment	0	0	0	0	0	0	0	(184,087)
Net assets, beginning of year, as restated	3,884,713	22,306	3,907,019	(166,133)	3,718,580	22,306	3,740,886	3,150,113
Net assets, end of year	\$ 4,218,406	\$ 25,926	\$ 4,244,332	\$ (166,012)	\$ 4,052,394	\$ 25,926	\$ 4,078,320	\$ 3,740,886

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

**VOLUNTEERS OF AMERICA OF GREATER NEW ORLEANS, INC.**  
**SCHEDULE OF REVENUE BY SOURCE**  
**FOR THE YEAR ENDED JUNE 30, 1998**

Revenue	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>Public Support:</b>			
Contributions: Individuals	\$ 94,861	\$ 0	\$ 94,861
Special events	113,647	0	113,647
United Way	123,506	0	123,506
Total public support	<u>332,014</u>	<u>0</u>	<u>332,014</u>
<b>Government Fees:</b>			
Direct Federal grants or contracts	1,013,353	0	1,013,353
State grants or contracts	3,064,025	0	3,064,025
Medicaid	5,282,188	0	5,282,188
Total Government Fees	<u>9,359,566</u>	<u>0</u>	<u>9,359,566</u>
<b>Other Revenue:</b>			
Program service fees	784,566	0	784,566
Rental income	77,075	0	77,075
Sales of merchandise and services	1,738,509	0	1,738,509
Total other revenue	<u>2,600,150</u>	<u>0</u>	<u>2,600,150</u>
Total revenue from operations	<u>12,291,730</u>	<u>0</u>	<u>12,291,730</u>
<b>Non-operating gains (losses) and other revenue:</b>			
Interest and dividends	41,802	3,620	45,422
Gain on sale of investments	138,784	0	138,784
Unrealized gain on investments	63,208	0	63,208
Other income	87,843	0	87,843
Total non-operating gains (losses) and other revenue	<u>331,637</u>	<u>3,620</u>	<u>335,257</u>
Total revenue	<u>\$ 12,623,367</u>	<u>\$ 3,620</u>	<u>\$ 12,626,987</u>

See Independent Auditors' Report on Supplementary Information.

	<u>Organization Total</u>	<u>Supporting Services</u>	<u>Total Program Services</u>	<u>Sheltered Remunerative Employment</u>	<u>Single Room Occupancy</u>	<u>Community Living Services</u>	<u>Supported Living Services</u>
<b>REVENUE:</b>							
Client generated self support	\$ 2,847,564	\$ 167,821	\$ 2,679,743	\$ 1,775,787	\$ 0	\$ 255,416	\$ 480
Board generated self support	199,611	199,611	0	0	0	0	0
Government grants/contracts	9,359,566	0	9,359,566	0	42,958	2,622,634	1,713,983
Other revenue	87,843	61,378	26,465	3,991	(9,928)	2,900	2,709
United Way designations	8,897	8,897	0	0	0	0	0
Total revenue	12,503,481	437,707	12,065,774	1,779,778	33,030	2,880,950	1,717,172
United Way allocation	123,506	0	123,506	0	0	0	0
Grand total revenue	12,626,987	437,707	12,189,280	1,779,778	33,030	2,880,950	1,717,172
<b>EXPENSES:</b>							
Compensation expenses	7,259,563	789,912	6,469,651	796,546	43,175	1,249,907	1,327,769
Occupancy expenses	870,279	74,259	796,020	253,514	20	219,926	26,376
Travel and transportation expense	412,285	164	412,121	131,841	1,332	98,010	46,144
Specific assistance	485,870	0	485,870	2,335	0	33,502	3,089
Board generated self-support	273,009	1,997	271,012	48,366	0	65,307	44,113
Other direct program support	2,721,705	479,452	2,242,253	179,574	4,915	725,794	80,221
Total expenses before depreciation	12,022,711	1,345,784	10,676,927	1,412,176	49,442	2,392,446	1,527,712
Depreciation	266,842	65,908	200,934	66,059	0	60,183	3,095
Grand total expenses	12,289,553	1,411,692	10,877,861	1,478,235	49,442	2,452,629	1,530,807
Net difference	\$ 337,434	\$ (973,985)	\$ 1,311,419	\$ 301,543	\$ (16,412)	\$ 428,321	\$ 186,365

See Independent Audit

ERS OF AMERICA OF GREATER NEW ORLEANS, INC.  
 F REVENUE AND EXPENSE BY PROGRAM (UNAUDITED)  
 FOR THE YEAR ENDED JUNE 30, 1998

Program Services									
Elderly Services	Community Correctional Centers	Juvenile Services	Family/Youth Community Services	Children's Services	Maternity Services	Neighborhood Development	Housing Services	Case Management	Training and Evaluation
49,194	\$ 254,801	\$ 784	\$ 0	\$ 9,336	\$ 188,283	\$ 0	\$ 0	\$ 0	\$ 145,662
0	0	0	0	0	0	0	0	0	0
596,368	1,128,460	2,027,518	0	1,210,719	16,926	0	0	0	0
15,776	7,664	1,108	0	1,217	488	0	0	0	540
0	0	0	0	0	0	0	0	0	0
661,338	1,390,925	2,029,410	0	1,221,272	205,697	0	0	0	146,202
53,506	0	0	0	0	70,000	0	0	0	0
714,844	1,390,925	2,029,410	0	1,221,272	275,697	0	0	0	146,202
500,485	706,622	690,327	3,245	825,490	150,141	35,964	7,732	5,531	126,717
30,224	98,941	51,162	0	73,867	23,273	7,428	0	0	11,289
20,162	12,138	49,298	0	46,453	6,382	196	0	0	165
0	600	401,250	0	16,236	28,858	0	0	0	0
15,193	38,164	18,785	0	33,006	7,850	228	0	0	0
82,344	197,185	707,225	3,201	176,681	46,406	10,695	3,809	0	24,203
648,408	1,053,650	1,918,047	6,446	1,171,733	262,910	54,511	11,541	5,531	162,374
245	39,447	6,110	0	22,209	2,354	597	0	0	635
648,653	1,093,097	1,924,157	6,446	1,193,942	265,264	55,108	11,541	5,531	163,009
66,191	\$ 297,828	\$ 105,253	\$ (6,446)	\$ 27,330	\$ 10,433	\$ (55,108)	\$ (11,541)	\$ (5,531)	\$ (16,807)

rs' Report on Supplementary Information.

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

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To the Board of Directors of  
**Volunteers of America of Greater New Orleans, Inc.**

We have audited the consolidated financial statements of **Volunteers of America of Greater New Orleans, Inc. (the Organization)** as of and for the year ended June 30, 1998, and have issued our report thereon dated October 23, 1998. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether **the Organization's** consolidated financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted a certain immaterial instance of noncompliance, that we have reported to management of **the Organization** in a separate letter dated October 23, 1998.



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

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**(CONTINUED)**

To the Board of Directors of  
**Volunteers of America of Greater New Orleans, Inc.**

Internal Control Over Financial Reporting

In planning and performing our audit, we considered **the Organization'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 the Board of Directors, management and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

*Bruno & Tervalon*

**BRUNO & TERVALON  
CERTIFIED PUBLIC ACCOUNTANTS**

October 23, 1998

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH  
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB  
CIRCULAR A-133**

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To the Board of Directors  
**Volunteers of America of Greater New Orleans, Inc.**

Compliance

We have audited the compliance of **Volunteers of America of Greater New Orleans, Inc. (the Organization)** 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 each of its major federal programs for the year ended June 30, 1998. The Organization's major federal programs are identified in the summary of independent auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of **the Organization's** management. Our responsibility is to express an opinion on **the Organization'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 **the Organization'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 **the Organization's** compliance with those requirements.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH  
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB  
CIRCULAR A-133**

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**(CONTINUED)**

To the Board of Directors  
**Volunteers of America of Greater New Orleans, Inc.**

In our opinion, **the Organization** 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, 1998. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs (Section III) as item 98-01 through 98-03.

Internal Control Over Compliance

The management of **the Organization** 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 **the Organization's** internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

We noted a certain matter involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgement, could adversely affect **the Organization's** ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grants. The reportable conditions are described in the accompanying schedule of findings and questioned costs (Section III) as item 98-01 through 98-03.



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH  
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB  
CIRCULAR A-133**

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**(CONTINUED)**

To the Board of Directors  
**Volunteers of America of Greater New Orleans, Inc.**

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. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above is not a material weakness.

This report is intended for the information of the Board of Directors, management and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

*Bruno & Tervalon*

**BRUNO & TERVALON  
CERTIFIED PUBLIC ACCOUNTANTS**

**October 23, 1998**

**VOLUNTEERS OF AMERICA OF GREATER NEW ORLEANS, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 1998**

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**Section I - Summary of Auditors' Results**

1.	Type of report issued on the financial statements.	Unqualified opinion.
2a.	Did the audit disclose any reportable conditions in internal control?	No
2b.	Were any reportable conditions in internal control material weakness?	No
4a.	Did the audit disclose any reportable conditions on internal control over major federal programs?	Yes
4b.	Were any reportable conditions in internal control over major programs material weaknesses?	No
5.	Type of report issued on compliance for major programs.	Unqualified opinion.
6.	Did the audit disclose any audit findings required to be reported under Section 510(a)?	Yes
7.	Major programs	- Section 202 Direct Loan Program (064-EH036) - Supportive Housing Program (14.235)
8.	Dollar threshold used in distinguished between Type A and Type B programs	\$300,000
9.	Does the auditee qualify as a low-risk auditee?	No



**VOLUNTEERS OF AMERICA OF GREATER NEW ORLEANS, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 1998**  
**(CONTINUED)**

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**Section II - Financial Statement Findings**

No instances of non-compliance and reportable conditions were noted.

**Section III - Federal Award Findings and Questioned Cost**

Federal Compliance and Internal Control over Compliance

Finding 98-01 - Tenant Application, Eligibility and Recertification

Federal Agency

U. S. Department of Housing and Urban Development

Federal Program

Section 202 Direct Loan Project

Federal Award Year

Year Ended June 30, 1998

Criteria

Where tenants or projects are subsidized, the owner is responsible for accepting applications, correctly calculating the tenant's contribution toward rent and utilities and correctly calculating any subsidy, determining initial tenant eligibility, annual recertification of tenant eligibility, and rectifying improper or inaccurate tenant information in accordance with the guidelines provided in HUD Handbook 4350.3 and the applicable Regulatory Agreement.

**VOLUNTEERS OF AMERICA OF GREATER NEW ORLEANS, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 1998**  
**(CONTINUED)**

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**Section III - Federal Award Findings and Questioned Cost, Continued**

Condition

Two (2) of the three (3) tenant files examined did not contain evidence that a move-out/move-in inspection was conducted.

Two (2) of the three (3) tenant files examined did not include a recertification of tenant eligibility for occupancy for the period under examination.

Three (3) of the three (3) tenant files examined did not include a lease agreement in effect during the period under examination.

Cause

Failure to adhere to HUD policy and procedures.

Questioned Cost

For purposes of the noted condition, we have not questioned any costs.

Effect

Non-compliance with HUD requirements.

Recommendation

We recommend that management implement procedures to ensure adequate documentation of tenant application, eligibility and recertification are maintained in tenant files.

**VOLUNTEERS OF AMERICA OF GREATER NEW ORLEANS, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 1998**  
**(CONTINUED)**

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**Section III - Federal Award Findings and Questioned Cost, Continued**

Finding 98-02 - Rent Reasonableness

Federal Agency

U. S. Department of Housing and Urban Development

Federal Program

Supportive Housing Program

Federal Award Year

June 30, 1998

Criteria

Pursuant to 24 CFR section 583.115(b)(2) where grants are used to pay rent for individuals the rent paid must be reasonable in relation to rents being charged for comparable units...and the rents paid must not exceed HUD-determined fair market rents.

Condition

We noted that 15 of the fifteen participant files reviewed contained no evidence of the assessment of the reasonableness of rents being charged.

Cause

Failure to adhere to Federal regulations.

**VOLUNTEERS OF AMERICA OF GREATER NEW ORLEANS, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 1998**  
**(CONTINUED)**

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**Section III - Federal Award Findings and Questioned Cost, Continued**

Questioned Costs

None.

Effect

Non-compliance with HUD requirements.

Recommendation

We recommend that management implement procedures to ensure compliance with HUD requirements.

**VOLUNTEERS OF AMERICA OF GREATER NEW ORLEANS, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 1998**  
**(CONTINUED)**

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**Section III - Federal Award Findings and Questioned Cost, Continued**

Finding 98-03 - HUD Form-40118, Grantee Annual Report

Federal Agency

U. S. Department of Housing and Urban Development

Federal Program

Supportive Housing Program

Federal Award Year

June 30, 1998

Criteria

HUD Form-40118, Grantee Annual Report (OMB No. 2506-0145).

Pursuant to 24 CFR section 583.300(g) this report is due from each grantee 60 days after its operating year.

Condition

HUD Form-40118, Grantee Annual report was not prepared and submitted to HUD within 60 days after year end.

Cause

Failure to adhere to Federal regulations.

**VOLUNTEERS OF AMERICA OF GREATER NEW ORLEANS, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 1998  
(CONTINUED)**

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**Section III - Federal Award Findings and Questioned Cost, Continued**

Questioned Costs

None.

Effect

Non-compliance with HUD requirements.

Recommendation

We recommend that management implement procedures to ensure compliance with HUD requirements.



**VOLUNTEERS OF AMERICA OF GREATER NEW ORLEANS, INC.  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

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	<u>Reportable Conditions</u>	<u>Status</u>	
		<u>Resolved</u>	<u>Unresolved</u>
97-01	Replacement fund withdrawals	X	
97-02	Tenant files		X
97-03	Movable fixed assets	X	
	<u>Management Letter Comments</u>		
97-04	Conflict of Interest Statements		X
97-05	Client Fund Cash	X	
97-06	Accrued Annual Leave	X	
97-07	Pension Plan	X	
97-08	Reconciliation of Cash Receipts Log	X	

**VOLUNTEERS OF AMERICA/GREATER NEW ORLEANS, INC.  
EXIT CONFERENCE**

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The audit report was discussed at the exit conference with the management of the **Organization**. The individuals in attendance at the exit conference were as follows:

**VOLUNTEERS OF AMERICA OF GREATER NEW ORLEANS, INC.**

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Mr. James M. LeBlanc	President/CEO
Mr. Frederic E. Drew, III, CPA	Vice President of Finance and Administration
Ms. Bernice Stewart, CPA	Controller

**BRUNO & TERVALON  
CERTIFIED PUBLIC ACCOUNTANTS**

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Mr. Michael B. Bruno, CPA	Partner
Mr. Armand Pinkney	Supervisor

*Bruno & Tervalon*  
**BRUNO & TERVALON  
CERTIFIED PUBLIC ACCOUNTANTS**

October 23, 1998

**& Tervalon**

MICHAEL B. BRUNO, CPA  
ALCIDE J. TERVALON, JR., CPA  
WALDO J. MORET, JR., CPA

To the Board of Directors  
**Volunteers of America of Greater New Orleans, Inc.**

We have audited the consolidated financial statements of **Volunteers of America of Greater New Orleans, Inc. (the Organization)** as of and for the year ended June 30, 1998 and have issued our report thereon dated October 23, 1998. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under General Accepted Standards

As stated in our engagement letter dated July 30, 1998 our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the consolidated financial statements are free of material misstatement. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, irregularities, or illegal acts, including fraud and defalcations, may exist and not be detected by us.

As part of our audit, we considered the internal control structure of the **Organization**. Such consideration was for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control structure.

Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting principles. In accordance with the terms of our engagement letter, we advised management about the appropriateness of accounting policies and their application. The significant accounting policies used by the **Organization** are described in NOTE 2 to the consolidated financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 1998 except where otherwise stated. We noted no transactions entered into by the **Organization** during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you of transactions for which there is a lack of authorities guidance or concerns.

To the Board of Directors  
Volunteers of America of Greater New Orleans, Inc.

### Significant Audit Adjustments

For purposes of this letter, professional standards define a significant audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. These adjustments may include those proposed by us that not recorded by the **Organization** could potentially cause future financial statements to be materially misstated. There were no significant adjustments that were not recorded by management that would have a material impact on the **Organization's** financial condition.

### Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased that no such disagreements arose during the course of our audit.

### Consultations with Other Independent Accountants

To the best of our knowledge, management has not consulted with or obtained opinions from other independent accountants during the year that are subject to the requirements of Statement on Auditing Standards No. 50, "Reports on the Application of Accounting Principles".

### Issues Discussed Prior to Retention of Independent Auditors

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management prior to our acceptance of the engagement as the **Organization's** auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing our audit.

To the Board of Directors  
Volunteers of America of Greater New Orleans, Inc.

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This information is intended solely for the use of the Board of Directors and management of the **Organization** and should not be used for any other purpose.

The above information was discussed during our exit conference held with management of the **Organization**. Those individuals that were involved in the discussions are as follows:

**VOLUNTEERS OF AMERICA OF GREATER NEW ORLEANS, INC.**

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Mr. James M. LeBlanc  
Mr. Frederic E. Drew, III, CPA  
  
Ms. Bernice Stewart, CPA

President/CEO  
Vice President of Finance and  
Administration  
Controller

**BRUNO & TERVALON  
CERTIFIED PUBLIC ACCOUNTANTS**

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Mr. Michael B. Bruno, CPA  
Mr. Armand Pinkney

Managing Partner  
Supervisor

*Bruno & Tervalon*

**BRUNO & TERVALON  
CERTIFIED PUBLIC ACCOUNTANTS**

October 23, 1998

**Bruno**

CERTIFIED PUBLIC ACCOUNTANTS

**& Tervalon**



CORRECTIVE ACTION PLAN  
JUNE 30, 1998

**Audit Finding Reference No.**

**98-01**

Description of Condition

Tenant Application, Eligibility and Recertification

Federal Grantor/Program

HUD – Section 202 Direct Loan

Auditors' Recommendation

Management should implement procedures to ensure adequate documentation of tenant application; eligibility and recertification are maintained in tenant files.

Corrective Action Planned

Management will reconcile all tenant files to insure proper documentation in each tenant file. Management has created a checklist to insure that complete documentation is obtained upon tenant move-in and move-out.

Anticipated Completion Date: 12/31/98

Contact Person responsible for Corrective Action:

Dr. Van Vandergriff  
504-482-2130

**Audit Finding Reference No.**

**98-02**

Description of Condition

Rent Reasonableness

Federal Grantor/Program

HUD – Supportive Housing Program

Auditors' Recommendation

Management should implement procedures to ensure compliance with rent reasonableness requirements.

Corrective Action Planned

Management currently checks rents to insure rent reasonableness.

Anticipated Completion Date: Currently Done



Contact Person responsible for Corrective Action:

Dr. Van Vandergriff  
504-482-2130

**Audit Finding Reference No.**

**98-03**

Description of Condition

HUD Form-40118, Grantee Annual Report

Federal Grantor/Program

HUD -- Supportive Housing Program

Auditors' Recommendation

Management should implement procedures to ensure compliance with HUD requirements regarding submission of HUD Form-40118 in a timely manner.

Corrective Action Planned

Management will complete the HUD Form-40118 in a timely manner.

Anticipated Completion Date: 12/1/98

Contact Person responsible for Corrective Action:

Dr. Van Vandergriff  
504-482-2130

**Management Letter Comment Reference No.**

**98-MLC-01**

Description of Condition

Conflict of Interest Statements

Auditors' Recommendation

Management should implement procedures to ensure compliance with VOA's requirements regarding Conflict of Interest statements signed by each member of the Organization's Board of Directors.

Corrective Action Planned

Conflict of interest statements will be executed by each Volunteers of America of Greater New Orleans Board member.

Anticipated Completion Date: 12/31/98

Contact Person responsible for Corrective Action:

Dr. Van Vandergriff  
504-482-2130

11/11/98  
11/11/98  
11/11/98

To the Board of Directors  
**Volunteers of America of Greater New Orleans, Inc.**

In planning and performing our audit of the consolidated financial statements of **Volunteers of America of Greater New Orleans, Inc. (the Organization)** as of and for the year ended June 30, 1998, we considered the **Organization's** internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the consolidated financial statements and not to provide assurance on the internal control structure.

However, during our audit we became aware of a matter that is an opportunity for strengthening internal controls and operating efficiency. This letter summarizes our comment and suggestion regarding that matter. This letter does not affect our report dated October 23, 1998, on the consolidated financial statements of the **Organization**.

### MANAGEMENT LETTER COMMENT

#### Conflict of Interest Statements

During the course of the audit we were unable to obtain and review the conflict of interest statements signed by each member of the Board of Directors as required by the **Volunteers of America, Inc.'s (VOA, Inc.'s)** conflict of interest policy.

#### Recommendation

We recommend that conflict of interest statements be executed and signed by all Board members as required by the **VOA, Inc.'s** conflict of interest policy.

To the Board of Directors  
Volunteers of America of Greater New Orleans, Inc.

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We will review the status of this comment during our next audit engagement. We have already discussed this comment and suggestion with various **Organization** personnel, and we will be pleased to discuss it in further detail at your convenience, to perform any additional study of this matter, or to assist you in implementing the recommendation.

*Bruno & Tervalon*  
**BRUNO & TERVALON**  
**CERTIFIED PUBLIC ACCOUNTANTS**

October 23, 1998