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**NEW ORLEANS RESOURCES  
FOR  
INDEPENDENT LIVING, INC.**

**AUDIT REPORT**

**SEPTEMBER 30, 1999**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate 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.

Release Date                     MAY 17 2000

## TABLE OF CONTENTS

### FINANCIAL SECTION

Independent Auditor's Report	4
Statement of Financial Position	6
Statement of Activities	7
Statement of Cash Flows	9
Statement of Functional Expenses	
Year Ended September 30, 1998	10
Year Ended September 30, 1999	11
Notes to Financial Statements	12

### SUPPLEMENTAL SECTION

Schedule of Federal and State Awards	
Year Ended September 30, 1998	18
Year Ended September 30, 1999	19
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133	20
Report on Compliance and of Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards	22
Findings and Questioned Costs	24
Management Letter	25
Management's Response	26

**FINANCIAL SECTION**

**CHARLES L. LACOSTE, JR.**  
*Certified Public Accountant*  
8116 Burthe Street  
New Orleans, Louisiana 70118

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
New Orleans Resources for Independent  
Living, Inc.

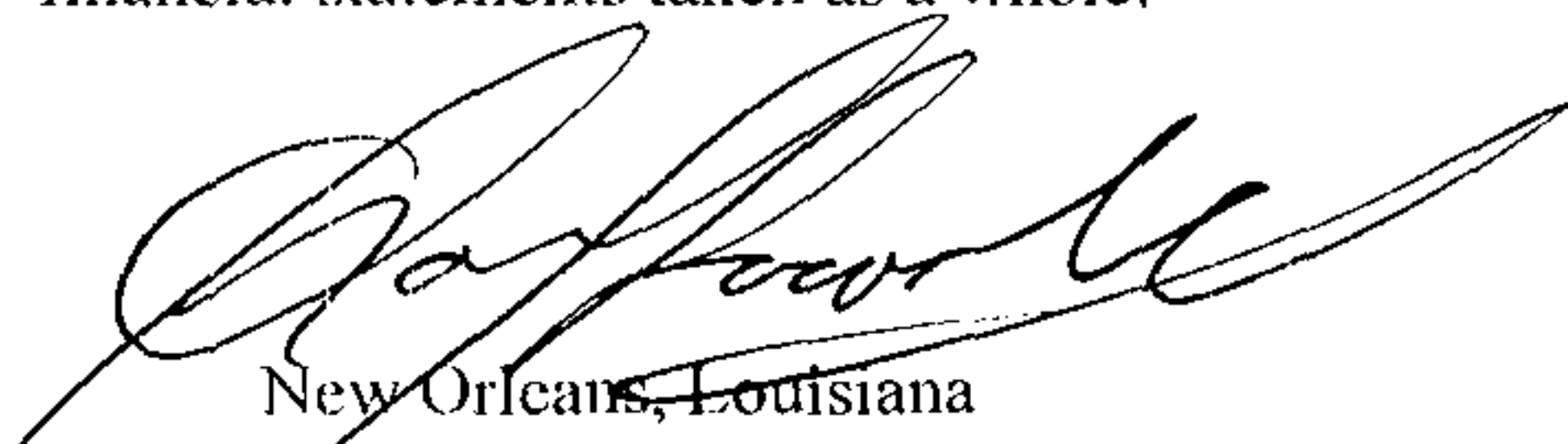
I have audited the accompanying statement of financial position of New Orleans Resources for Independent Living, Inc. ( a nonprofit organization ) as of September 30, 1999, and the related statements of activities, functional expenses and cash flows for the two years then ended. These financial statements are the responsibility of New Orleans Resources for Independent Living, Inc.'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 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 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 includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe 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 New Orleans Resources for Independent Living, Inc. as of September 30, 1999 and the changes in net assets and its cash flows for the years ended September 30, 1998 and 1999, in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, I have also issued my report dated April 18, 2000, on my consideration of New Orleans Resources for Independent Living, Inc.'s internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

My audit was performed for the purpose of forming an opinion on the basic financial statements of New Orleans Resources for Independent Living, Inc. taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by 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 financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



New Orleans, Louisiana  
April 18, 2000

NEW ORLEANS RESOURCES FOR INDEPENDENT LIVING, INC.

STATEMENT OF FINANCIAL POSITION

September 30, 1999

ASSETS

Cash and cash equivalents	\$ 120,375
Accounts receivables	162,517
Prepaid expenses	10,931
Equipment	64,046
Mortgage notes receivable	10
Deposits	<u>430</u>
Total assets	<u>358,309</u>

LIABILITIES

Accounts payable	70,370
Accrued compensation and taxes	17,293
Credit card	15,789
Notes payable	42,555
Deferred revenue	<u>36,697</u>
Total liabilities	<u>182,704</u>

NET ASSETS

Unrestricted	( 9,452)
Temporarily restricted	<u>185,057</u>
Total net assets	<u>175,605</u>
Total liabilities and net assets	<u>\$ 358,309</u>

The accompanying notes are an inherent part of the financial statements.

NEW ORLEANS RESOURCES FOR INDEPENDENT LIVING, INC.

STATEMENT OF ACTIVITIES

For the years ended September 30,

UNRESTRICTED NET ASSETS

	1998	1999
Support		
Donations		
Cash	\$ 17,994	\$ 21,830
Noncash	<u>1,230</u>	<u>12</u>
Total	<u>19,224</u>	<u>21,842</u>
Program income		
Grant income	2,242,570	2,205,823
Fee for service	22,074	21,805
Other	<u>437</u>	<u>1,197</u>
Total	<u>2,265,081</u>	<u>2,228,825</u>
Fundraising	<u>26,254</u>	<u>7,444</u>
Total	2,310,559	2,258,111
Net assets released from restrictions	<u>154,485</u>	<u>192,407</u>
Total	<u>2,465,044</u>	<u>2,450,518</u>
Expenses		
Program		
Housing	348,298	109,771
Independent Living Skills	710,826	822,035
Service Coordination	<u>1,281,130</u>	<u>1,285,546</u>
Total	<u>2,340,254</u>	<u>2,217,352</u>
Support		
Administration	141,495	166,530
Fund Raising	<u>50,628</u>	<u>31,653</u>
Total	192,123	198,183
Total	<u>2,532,377</u>	<u>2,415,535</u>
Increase (Decrease) in unrestricted net assets	<u>( 67,333)</u>	<u>34,983</u>

The accompanying notes are an inherent part of the financial statements.

NEW ORLEANS RESOURCES FOR INDEPENDENT LIVING, INC.

**STATEMENT OF ACTIVITIES (CONTINUED)**

For the years ended September 30,

	1998	1999
<b>TEMPORARILY RESTRICTED NET ASSETS</b>		
Grant income	163,000	162,516
Net assets released from restrictions	( <u>154,485</u> )	( <u>192,407</u> )
Increase (Decrease) in temporarily restricted net assets	<u>8,515</u>	( <u>29,891</u> )
Increase(decrease) in net assets	( 58,818 )	5,092
Net assets-beginning of year	<u>229,331</u>	<u>170,513</u>
Net assets-end of year	<u>\$ 170,513</u>	<u>\$ 175,605</u>

The accompanying notes are an inherent part of the financial statements.



NEW ORLEANS RESOURCES FOR INDEPENDENT LIVING, INC.

STATEMENT OF CASH FLOWS

For the two years ended September 30, 1999

CASH FLOWS FROM OPERATING ACTIVITIES

Decrease in net assets- year ended September 30, 1998	\$ (58,818)
Increase in net assets- year ended September 30, 1999	<u>5,092</u>
Total	( 53,726)

Adjustments to reconcile change in net assets to net cash provided by operating activities:

Depreciation	35,408
(Increase) decrease in operating assets:	
Accounts receivable	( 5,199)
Prepaid expense	( 9,246)
Deposits	( 94)
Increase (decrease) in operating liabilities:	
Accounts payable	55,428
Accrued compensation	( 28,809)
Deferred revenue	<u>( 854)</u>
Net cash provided by operating activities	<u>( 7,092)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Payment for equipment	( 32,335)
Acquisition of mortgage notes receivable	<u>( 3)</u>
Net cash used by investing activities	<u>( 32,338)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Increase in credit card debt	15,789
Increase in Note payable	<u>42,555</u>
Net cash provided by financing activities	<u>58,344</u>

Net increase in cash	<u>\$ 18,914</u>
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The accompanying notes are an inherent part of these financial statements.

NEW ORLEANS RESOURCES FOR INDEPENDENT LIVING, INC.  
STATEMENT OF FUNCTIONAL EXPENSES

For the year ended September 30, 1998

	Program Services			Supporting Services			Total
	Housing	Independent Living Skills	Service Coordination	Administration	Raising Fund	Total	
Salaries	35,750	367,287	1,008,537	95,101	38,500	133,601	1,545,175
Fringe benefits and payroll taxes	4,343	44,743	122,532	11,629	4,678	16,307	187,925
Direct assistance	299,329	184,757	5,128				489,214
Rent, janitorial and utilities	2,854	52,279	66,679	9,564	3,907	13,471	135,283
Accounting and auditing				3,248		3,248	3,248
Consultants	1,383	7,179	3,419	2,647		2,647	14,628
Interpreter	237	5,926	2,413	166		166	8,742
Peer Counseling			3,850				3,850
Postage	169	2,186	2,548	642	262	904	5,807
Telephone	211	4,937	5,788	1,860	760	2,620	13,556
Office supplies	558	5,730	15,734	1,483	601	2,084	24,106
Expendable equipment		250	479	479		479	1,208
Repairs and maintenance	276	4,839	6,376	1,383	565	1,948	13,439
Local travel	1,966	11,805	3,623	2,871		2,871	20,265
Training	143	6,427	2,207	185		185	8,962
Dues and subscriptions	32	1,246	3,263	3,604	400	4,004	8,545
Other	546	5,612	15,410	1,453	588	2,041	23,609
Insurance	161	2,125	3,540	3,689		3,689	9,515
Interest expense and penalties				584		584	584
Total before depreciation	347,958	707,328	1,271,526	140,589	50,261	190,850	2,517,662
Depreciation	340	3,498	9,604	906	367	1,273	14,715
Total expenses	348,298	710,826	1,281,130	141,495	50,628	192,123	2,532,377

NEW ORLEANS RESOURCES FOR INDEPENDENT LIVING, INC.  
STATEMENT OF FUNCTIONAL EXPENSES

For the year ended September 30, 1999

	Program Services				Supporting Services			Total
	Independent				Fund			
	Housing	Living Skills	Service Coordination	Total	Administration	Raising	Total	
Salaries	40,178	531,958	937,236	1,509,372	100,625	24,236	124,861	1,634,233
Fringe benefits and payroll taxes	5,135	67,992	119,792	192,919	12,861	3,098	15,959	208,878
Direct assistance	51,912	103,062	90,289	245,263				245,263
Rent, janitorial and utilities	5,597	49,925	73,683	129,205	8,776	2,435	11,211	140,416
Accounting and auditing					29,708		29,708	29,708
Consultants	1,815	8,054	10,870	20,739	269		269	21,008
Interpreter	59	3,972	2,262	6,293				6,293
Peer Counseling	0	870	2,402	3,272				3,272
Postage	363	2,261	2,514	5,138	522		522	5,660
Telephone	238	6,086	6,344	12,668	160		160	12,828
Office supplies	1,773	15,510	11,992	29,275	3,080	1,025	4,105	33,380
Expendable equipment	13	860	237	1,110				1,110
Repairs and maintenance	237	3,192	2,977	6,406	110		110	6,516
Local travel	1,514	9,697	4,605	15,816	1,376		1,376	17,192
Out of state travel		831	969	1,800				1,800
Training	107	1,996	1,379	3,482	1,375	248	1,623	5,105
Dues and subscriptions	195	7,298	4,428	11,921		344	344	12,265
Other	31	1,207	1,484	2,722				2,722
Insurance	163	1,422	1,790	3,375	2,500		2,500	5,875
Interest expense and penalties					4,063		4,063	4,063
Total before depreciation	109,330	816,193	1,275,253	2,200,776	165,425	31,386	196,811	2,397,587
Depreciation	441	5,842	10,293	16,576	1,105	267	1,372	17,948
Total expenses	<u>109,771</u>	<u>822,035</u>	<u>1,285,546</u>	<u>2,217,352</u>	<u>166,530</u>	<u>31,653</u>	<u>198,183</u>	<u>2,415,535</u>

NEW ORLEANS RESOURCES FOR INDEPENDENT LIVING, INC.

NOTES TO FINANCIAL STATEMENTS

September 30, 1999

NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING  
POLICIES

Nature of Activities

New Orleans Resources for Independent Living, Inc. was incorporated June 27, 1988, under the provisions of the Louisiana Nonprofit Corporation Law. On October 15, 1990 the Internal Revenue Service determined that the Organization would be recognized as a publicly supported organization, as described in Section 501 (c) (3) and that the Organization was exempt from Federal Income Tax under Section 501 (a). The Organization is also exempt from income tax under Louisiana laws.

Significant Accounting Policies

Promises to Give - Contributions are recognized when the donor makes a promise to give the Organization that is in substance, unconditional. Conditions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are recognized as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires temporarily restricted net assets are reclassified to unrestricted net assets.

Contributed Services - The Organization received valuable services from its dedicated volunteers. However, these services are not recognized as revenue as they do not create nonfinancial assets nor are they specialized services as described in SFAS 116.

Property and Equipment - Donations of property and equipment are recorded as support at their estimated fair value. Such assets are recorded as unrestricted support unless the donor imposes a restriction. If such restriction exists, the support is reported in accord with the nature of the restriction. Property and equipment purchases having a value of less than \$ 500 are not recorded as an asset. All other property and equipment is depreciated using the straight line method over the estimated useful life.

NEW ORLEANS RESOURCES FOR INDEPENDENT LIVING, INC.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 1999

Income Taxes - The Organization is a nonprofit corporation that is exempt from both Federal and Louisiana income taxes under Section 501 ( c ) ( 3 ) of the Internal Revenue Code and R.S. 12:201.

Cash and Cash Equivalents - The Organization considers all funds in bank accounts, money market accounts or certificates of deposit as cash or its equivalent.

Financial Statement Presentation - The Organization has adopted Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations". Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: Unrestricted net assets, Temporarily restricted net assets, and Permanently restricted net assets (if each is applicable). In addition, the Organization is required to present a statement of cash flows. *As permitted by this new statement, The Organization has discontinued its use of fund accounting and has, accordingly, reclassified its financial assets to present the applicable classes of net assets required.*

Contributions - The Organization also adopted SFAS No. 116, "Accounting for Contributions Received and Contributions Made". In accordance with 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.

**NOTE B - ACCOUNTS RECEIVABLE**

Accounts receivable represent revenues earned and receivable principally under government contracts. No allowance for uncollectibles is recorded because of the nature of these contracts.



NEW ORLEANS RESOURCES FOR INDEPENDENT LIVING, INC.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 1999

NOTE C - PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

Equipment	\$ 106,656
Furniture	20,431
Computers	<u>38,784</u>
Total	165,871
Accumulated depreciation	<u>( 101,825)</u>
Total	<u>\$ 64,046</u>

Property and equipment are recorded at cost. Maintenance and repairs are expensed as incurred. Major renewals and improvements are capitalized. When property and equipment are sold or retired, the related costs and accumulated depreciation are removed from the accounts and any gains and losses are recognized in income. Depreciation is provided using the straight line method over the estimated service life.

The state funded revenue contracts provide that property and equipment purchased with funds they provide must be used for rehabilitation purposes for ten years or the assets will revert to the contracting agency.

NOTE D - DEFERRED REVENUE

Deferred revenues represent funds advanced to the Organization by the State of Louisiana. These funds are repaid by deductions from revenue within the fiscal year.

NOTE E - RELATED PARTIES

Various members or former members of the Board of Directors and certain employees receive disability related direct assistance under various Organization programs. Such benefits and eligibility therefor are on the same terms and conditions as unrelated parties.

NEW ORLEANS RESOURCES FOR INDEPENDENT LIVING, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 1999

NOTE F - RESTRICTION ON ASSETS

As of September 30, 1999 certain assets are restricted as to purpose and are available for the following purposes:

Housing	\$ 32,044
Independent Living Skills	74,809
Service Coordination	<u>56,828</u>
Total	<u>\$163,681</u>

NOTE G - MORTGAGE NOTES RECEIVABLE

As a component of one of the housing programs the Organization acquires, rehabilitates and sells to qualified individuals real estate. The Organization receives as part of its compensation second mortgage notes which bear numerous restrictions. They are non-interest bearing, no payments are made on the principal and in the seventh year begin a fourteen year schedule of forgiveness. If the underlying collateral is sold to a non-qualified purchaser the Organization has the option of purchasing the property at the same price. If the property is sold the Organization can realize some value from these notes, after the owner realizes a return of their equity investment, adjusted for inflation. Any such realization by the Organization is shared equally with HUD. Due to the highly contingent nature of this asset, each note is reported at the nominal value of \$1. The face value of the notes is \$ 190,992.

NOTE H - OPERATING LEASE

The Organization leases office space under an operating lease agreement. The lease for the New Orleans space is for 72 months, beginning June 1, 1996 and ending May 31, 2002. The future obligations are:

Fiscal year ended	
<u>September 30,</u>	
2000	\$118,548
2001	120,951
2002	80,640

NEW ORLEANS RESOURCES FOR INDEPENDENT LIVING, INC.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 1999

**NOTE I - NOTE PAYABLE**

The Organization is indebted to a local bank for a line of credit note. This note is a demand note and is personally guaranteed by an employee.

Bank One	\$42,555
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**NOTE J - CONCENTRATION OF CONTRIBUTIONS**

The Organization is highly dependent on funding from the State of Louisiana. Approximately 30% of funding in years ended September 30, 1998 and 1999 came from the State.



**SUPPLEMENTAL SECTION**

NEW ORLEANS RESOURCES FOR INDEPENENT LIVING, INC.  
 SCHEDULE OF FEDERAL AWARDS  
 For the year ended September 30, 1998

<u>GRANTOR/PROGRAM TITLE</u>	FEDERAL CFDA NUMBER	AGENCY OR PASS-THROUGH NUMBER	FEDERAL EXPENDITURES
U.S. Department of Education Pass-through from Louisiana Department of Social Services	84.132A		\$221,440
Housing and Urban Development Pass through-City of New Orleans-Office of Housing Community Development Block Grant-Project Open House	14.219		<u>121,830</u>
Total			<u>\$343,270</u>

NEW ORLEANS RESOURCES FOR INDEPENENT LIVING, INC.  
 SCHEDULE OF FEDERAL AWARDS  
 For the year ended September 30, 1999

<u>GRANTOR/PROGRAM TITLE</u>	FEDERAL CFDA NUMBER	AGENCY OR PASS-THROUGH NUMBER	FEDERAL EXPENDITURES
U.S. Department of Education Pass-through from Louisiana Department of Social Services	84.132A		\$275,630
<u>Housing and Urban Development</u> Pass through-City of New Orleans-Office of Housing Community Development Block Grant-Project Open House	14.219		61,522
Pass-through from Housing Authority of New Orleans Section 8	14.195		<u>45,008</u>
Total			<u>\$382,160</u>

**CHARLES L. LACOSTE, JR.**  
**CERTIFIED PUBLIC ACCOUNTANT**  
**8116 BURTHE STREET**  
**NEW ORLEANS, LOUISIANA 70118**

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

To the Board of Directors of New Orleans Resources  
For Independent Living, Inc.

**Compliance**

I have audited the compliance of New Orleans Resources for Independent Living, Inc. ( a nonprofit 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 two years ended September 30, 1999. New Orleans Resources for Independent Living, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of New Orleans Resources for Independent Living, Inc.'s management. My responsibility is to express an opinion on New Orleans Resources for Independent Living Inc.'s compliance based on my audit.

I conducted my audit of compliance with generally accepted auditing 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 I 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 New Orleans Resources for Independent Living, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide legal determination on New Orleans Resources for Independent Living, Inc.'s compliance with those requirement.

In my opinion, except for the noncompliance described below, New Orleans Resources for Independent Living, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended September 30, 1998 and 1999. However, the results of my auditing procedures disclosed an instance of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item number 98/99-1.

#### **Internal Control Over Compliance**

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

I noted a matter involving the internal control over compliance and its operation that I consider to be a reportable condition. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in my judgement, could adversely affect New Orleans Resources for Independent Living, Inc.'s ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grants. The reportable condition is described in the accompanying schedule of findings and questioned costs as item 98/99-1.

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. My 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 material weaknesses. I consider the reportable condition, item 98/99-1 to be 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.

New Orleans, Louisiana  
April 18, 2000



CHARLES L. LACOSTE, JR.  
CERTIFIED PUBLIC ACCOUNTANT  
8116 BURTHE STREET  
NEW ORLEANS, LOUISIANA 70118

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

To the Board of Directors of New Orleans Resources  
for Independent Living, Inc.

I have audited the financial statements of New Orleans Resources for Independent Living, Inc. as of and for the two years ended September 30, 1998 and 1999, and have issued my report thereon dated April 18, 2000. I conducted my 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**

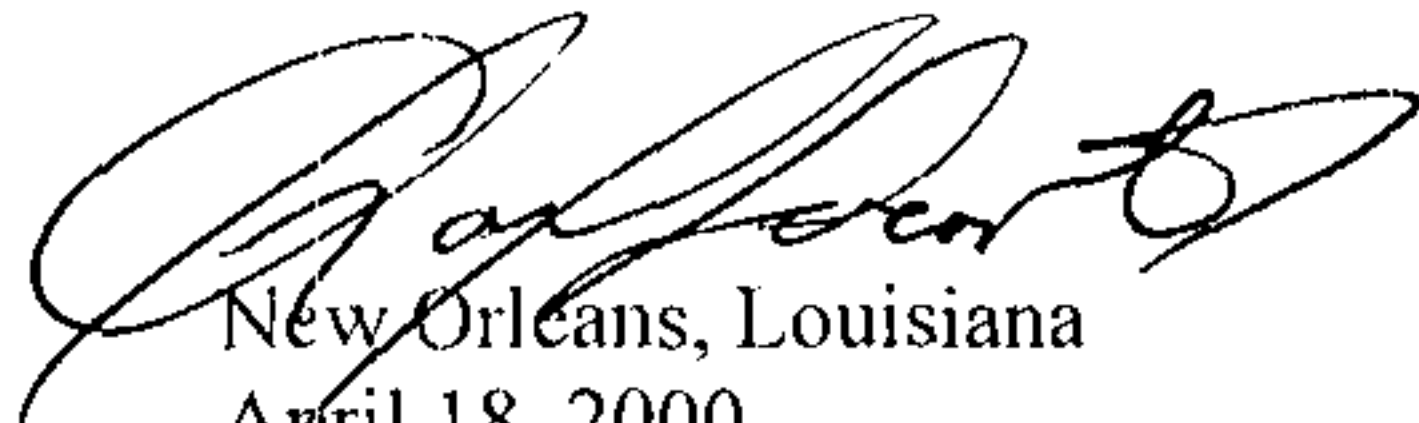
As part of obtaining reasonable assurance about whether New Orleans Resources for Independent Living, Inc.'s financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings and questioned costs as item 98/99-1.

**Internal Control Over Financial Reporting**

In planning and performing my audit, I considered New Orleans Resources for Independent Living, Inc.'s internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, I noted a certain matter involving the internal control over financial reporting and its operation that I consider to be a reportable condition. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgement, could adversely affect New Orleans Resources for Independent Living, Inc.'s ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings and questioned costs as item 98/99-2.

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. My consideration of the internal control over financial reporting 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 considered to be material weaknesses. However, the reportable condition, item 98/99-2, I consider to be 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.



New Orleans, Louisiana  
April 18, 2000

NEW ORLEANS RESOURCES FOR INDEPENDENT LIVING, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
September 30, 1999

Summary of auditor's results

I have issued an unqualified opinion on the financial statements of New Orleans Resources for Independent Living, Inc. as of and for the two years ended September 30, 1999.

I have issued a qualified opinion on compliance for major programs, see item # 98/99-1.

I have issued a management letter which is included in this reporting package.

There are major programs in either year audited. All non-major programs are considered high-risk and are audited as major programs.

The auditee does not qualify as a low-risk auditee under OMB Circular A-133.

FINDINGS

- |                |   |
|----------------|---|
| Item # 98/99-1 | Louisiana state law requires submission of audit reports by the end of the sixth month following the close of the audit period. New Orleans Resources for Independent Living, Inc. did not comply with that requirement.                |
| Item # 98/99-2 | New Orleans Resources for Independent Living, Inc. did not prepare interim financial statements during the audit period and did not reconcile bank accounts for that time period until substantially after the end of the audit period. |



CHARLES L. LACOSTE, JR.  
CERTIFIED PUBLIC ACCOUNTANT  
8116 BURTHE STREET  
NEW ORLEANS, LOUISIANA 70118

To the Board of Directors of  
New Orleans Resources for Independent Living, Inc.

In planning and performing my audit of the financial statements of New Orleans Resources for Independent Living, Inc. for the year ended September 30, 1999, I considered the Organization's internal control in order to determine my auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during my audit, I became aware of a matter involving the internal control and its operation that I consider to be a reportable condition 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 that, in my judgement, could adversely affect the organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

The Organization has not been producing regular financial statements and has not been reconciling bank statements for an extended period of time, dating to some point prior to the current year.

A material weakness is a reportable 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 may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

My consideration of internal control 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 as defined above. However, I believe that the failure to produce regular financial statements and reconcile bank accounts are material weaknesses.

This report is intended solely for the information and use of the Board of Directors, management, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.



April 18, 2000  
New Orleans, Louisiana

**RESOURCES**  
**FOR INDEPENDENT LIVING**  
*The key to independence*

April 24, 2000

Mr. Charles L. Lacoste  
8116 Burthe St.  
New Orleans, Louisiana 70118

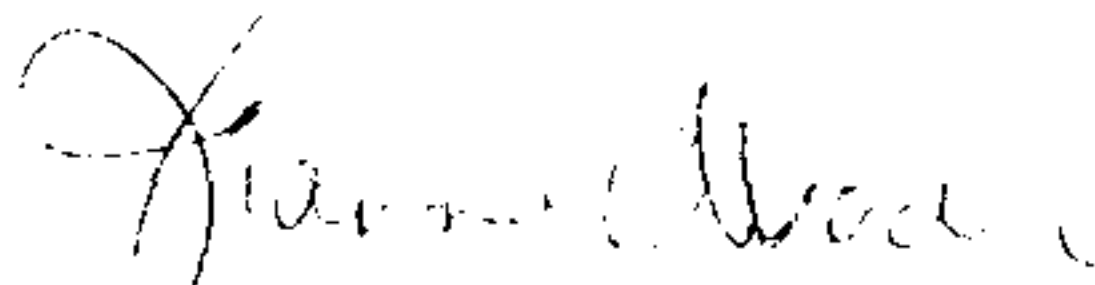
Dear Mr. Lacoste:

I have received your management letter that will accompany Resources for Independent Living's audit. Your observation and assessment of our internal control problems are accurate. These problems have been the result of an unstable accounting staff. Over the past two years, Resources for Independent Living has had three Directors of Finance along with other turnover of accounting department staff.

I am happy to report that Resources for Independent Living has remedied the staffing problems and is very close to producing monthly financial statements. The current Director of Finance, hired in June of 1999, has added a Senior Accountant to the accounting staff in recognition of the need for tighter internal controls. In addition to that, a permanent part-time accounting assistant has also been added to work alongside the full-time accounting assistant. We believe the increase in staff and staff competence will provide Resources for Independent Living the capability and the manpower to perform all tasks necessary to produce monthly financial statements beginning in May of 2000.

Thank you for the opportunity to respond to this very important issue. If you require more information, I will be happy to provide it.

Sincerely,



Jeanne Abadie  
Executive Director