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KINGSLEY HOUSE, INC.  
(A Nonprofit Organization)

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FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 1999

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the auditor, or reviewed, 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 1-19-00

KINGSLEY HOUSE, INC.  
YEAR ENDED JUNE 30, 1999

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**INDEPENDENT AUDITOR'S REPORT ON  
FINANCIAL STATEMENTS**

**To the Board of Directors  
Kingsley House, Inc.  
New Orleans, Louisiana**

We have audited the accompanying balance sheet of Kingsley House, Inc. (a nonprofit organization) as of June 30, 1999, and the related statements of revenues, expenses and other changes in net assets, cash flows and functional expenses for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Kingsley House, Inc. as of June 30, 1999, and the changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated December 27, 1999, on our consideration of Kingsley House, Inc.'s internal control over financial reporting and our tests of its compliance with certain provision of laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of Kingsley House, 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 our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Bernard & Frankel*

Metairie, Louisiana  
December 27, 1999

KINGSLEY HOUSE, INC.

BALANCE SHEET

June 30, 1999

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 44,868	\$ 179,143	\$ -	\$ 224,011
Investments	1,795,511	-	-	1,795,511
Accounts receivable				
Unconditional promises to give	-	755,728	-	755,728
Government contracts	302,754	142,152	-	444,906
Other	2,130	-	-	2,130
Prepaid expenses	43,634	-	-	43,634
Cash held for acquisition of property and donor restricted purposes	-	51,743	-	51,743
Long-term investments	-	511,556	1,500	513,056
Land, building, and equipment, net	1,258,700	2,077,978	-	3,336,678
<b>TOTAL ASSETS</b>	<b><u>\$ 3,447,597</u></b>	<b><u>\$ 3,718,300</u></b>	<b><u>\$ 1,500</u></b>	<b><u>\$ 7,167,397</u></b>
<b>LIABILITIES AND NET ASSETS</b>				
Accounts payable	\$ 167,293	\$ 192,447	\$ -	\$ 359,740
<b>TOTAL LIABILITIES</b>	<b><u>\$ 167,293</u></b>	<b><u>\$ 192,447</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 359,740</u></b>
<b>Net assets:</b>				
Unrestricted	\$ 1,654,979	\$ -	\$ -	\$ 1,654,979
Board restricted	1,625,325	-	-	1,625,325
Total unrestricted	\$ 3,280,304	\$ -	\$ -	\$ 3,280,304
Temporarily restricted		3,525,853		3,525,853
Permanently restricted	-	-	1,500	1,500
<b>TOTAL NET ASSETS</b>	<b><u>\$ 3,280,304</u></b>	<b><u>\$ 3,525,853</u></b>	<b><u>\$ 1,500</u></b>	<b><u>\$ 6,807,657</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 3,447,597</u></b>	<b><u>\$ 3,718,300</u></b>	<b><u>\$ 1,500</u></b>	<b><u>\$ 7,167,397</u></b>

See accompanying Notes To Financial Statements.



KINGSLEY HOUSE, INC.

STATEMENT OF REVENUES, EXPENSES AND OTHER  
CHANGES IN NET ASSETS

For the Year Ended June 30, 1999

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>REVENUES, GAINS AND OTHER SUPPORT</b>				
Contributions	\$ 129,906	\$ 283,461	\$ -	\$ 413,367
Federal financial assistance and other state and federal revenue	2,287,218	5,990	-	2,293,208
United Way funding for next year		618,726	-	618,726
Realized and unrealized income on investments	141,619	17,917	-	159,536
Program fees	7,630	-	-	7,630
Self support	51,679	-	-	51,679
Rental income	1,007	-	-	1,007
Other	16,335	1,446	-	17,781
Net assets released from restrictions				
United Way funding for the year	610,947	(610,947)	-	-
Restrictions satisfied by payments	71,376	(71,376)	-	-
<b>TOTAL REVENUES, GAINS, AND OTHER SUPPORT</b>	<b>\$ 3,317,717</b>	<b>\$ 245,217</b>	<b>\$ -</b>	<b>\$ 3,562,934</b>
<b>EXPENSES</b>				
Program services				
Pre-school day care	\$ 1,281,259	\$ -	\$ -	\$ 1,281,259
School age day care/youth	376,193	-	-	376,193
Adult day health care	429,878	-	-	429,878
Family preservation	311,494	-	-	311,494
Child protection service	199,963	-	-	199,963
Health Care for All	4,195	-	-	4,195
Family-to-family	261,982	-	-	261,982
Supporting services				
Management and general	427,084	-	-	427,084
Fund-raising	47,590	-	-	47,590
<b>TOTAL EXPENSES</b>	<b>\$ 3,339,638</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,339,638</b>
<b>INCREASE IN NET ASSETS</b>	<b>\$ (21,921)</b>	<b>\$ 245,217</b>	<b>\$ -</b>	<b>\$ 223,296</b>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<b>3,302,225</b>	<b>3,280,636</b>	<b>\$ 1,500</b>	<b>\$ 6,584,361</b>
 <b>NET ASSETS AT END OF YEAR</b>	 <b>\$ 3,280,304</b>	 <b>\$ 3,525,853</b>	 <b>\$ 1,500</b>	 <b>\$ 6,807,657</b>

See accompanying Notes To Financial Statements.

KINGSLEY HOUSE, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 1999

	Program Services			
	Pre-School Day Care	School Age Day Care/Youth	Adult Day Health Care	Family Preservation
Compensation and related expenses				
Compensation	\$ 656,230	\$ 180,196	\$ 237,460	\$ 217,016
Employee benefits				
Medical	34,180	3,771	10,420	11,907
Retirement	37,341	4,924	12,638	10,506
Other	3,457	408	1,196	1,118
Payroll taxes	53,438	15,420	19,188	16,771
	<u>\$ 784,646</u>	<u>\$ 204,719</u>	<u>\$ 280,902</u>	<u>\$ 257,318</u>
Awards and grants	-	-	-	-
Conferences, conventions, and meetings	15,331	2,151	1,834	2,942
Food	95,641	18,526	32,238	12
Grant equipment purchases	17,716	4,083	41	35
Insurance				
Liability	11,372	2,676	4,682	5,009
Property and casualty	8,939	4,926	1,642	414
Vehicles	4,639	-	8,950	-
Workers' compensation	14,482	5,514	6,669	2,765
Membership dues	1,656	687	1,048	1,815
Occupancy				
Electricity	25,807	15,718	5,230	1,359
Gas	1,819	1,068	350	102
Maintenance and repairs	37,891	13,949	2,499	860
Water and sewer	6,281	3,796	1,259	343
Postage	1,469	262	477	540
Printing and publications	1,295	308	647	449
Professional fees	15,984	26,668	30,072	3,175
Rental and maintenance of equipment	8,211	3,676	1,168	1,216
Supplies				
Kitchen	5,325	1,013	2,262	-
Office	4,309	1,894	2,611	1,876
Recreation, crafts	30,630	18,084	6,053	17
Other	20,967	7,519	4,672	1,419
Telephone	1,461	862	1,307	5,890
Travel	17,159	25,151	20,160	12,835
Specific assistance to individuals	3,908	1,686	2,649	2,763
Other	5,340	3,416	4,665	2,701
	<u>\$ 1,142,278</u>	<u>\$ 368,352</u>	<u>\$ 424,087</u>	<u>\$ 305,855</u>
TOTAL EXPENSES BEFORE DEPRECIATION				
Depreciation expense	138,981	7,841	5,791	5,639
	<u>\$ 1,281,259</u>	<u>\$ 376,193</u>	<u>\$ 429,878</u>	<u>\$ 311,494</u>
TOTAL EXPENSES				

See accompanying Notes To Financial Statements.

Program Services			Supporting Services		Total
Child Protection Service Support	Health Care for All	Family-To-Family	Management and General	Fund Raising	
\$ 137,000	\$ 2,680	\$ 176,155	\$ 290,583	\$ 32,853	\$ 1,930,173
8,923	-	11,057	12,001	1,418	93,677
4,045	-	3,286	16,456	760	89,956
766	-	916	5,827	136	13,824
10,892	248	14,700	22,366	2,703	155,726
\$ 161,626	\$ 2,928	\$ 206,114	\$ 347,233	\$ 37,870	\$ 2,283,356
-	-	-	294	-	294
2,361	-	3,322	9,043	788	37,772
6	-	12,460	54	-	158,937
4,624	-	727	2,621	-	29,847
1,012	-	3,345	5,351	-	33,447
293	-	-	2,030	-	18,244
-	-	4,405	-	-	17,994
1,526	24	1,732	7,484	506	40,702
200	-	482	1,968	-	7,856
2,453	-	-	2,899	152	53,618
180	-	-	248	6	3,773
4,200	-	95	2,396	163	62,053
740	-	-	733	34	13,186
487	-	265	2,684	1,000	7,184
45	-	191	2,065	5,000	10,000
1,895	-	889	9,897	322	88,902
1,205	-	-	4,250	1	19,727
-	-	7	-	-	8,607
5,310	721	2,594	4,732	742	24,789
8	-	17,633	-	-	72,425
407	-	476	2,701	94	38,255
3,554	-	343	2,733	239	16,389
6,102	-	5,997	5,655	673	93,732
1,175	-	10	77	-	12,268
554	-	895	4,208	-	21,779
\$ 199,963	\$ 3,673	\$ 261,982	\$ 421,356	\$ 47,590	\$ 3,175,136
-	522	-	5,728	-	164,502
\$ 199,963	\$ 4,195	\$ 261,982	\$ 427,084	\$ 47,590	\$ 3,339,638



KINGSLEY HOUSE, INC.

STATEMENT OF CASH FLOWS

JUNE 30, 1999

CASH FLOWS FROM OPERATING ACTIVITIES

Increase in net assets	\$223,296
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	164,502
Unrealized gain on investments	(1,028)
Gain on sale of investments	(61,991)
Uncollectible provision	26,364
(Increase) decrease in operating assets:	
Accounts receivable	(92,319)
United Way funding for next year	(7,779)
Prepaid expenses	7,950
Increase (decrease) in operating liabilities:	
Accounts payable	239,316
Contributions restricted for long-term purposes:	
Contributions restricted to capital campaign	(283,461)
Amortization of discount on unconditional promises to give	<u>(31,273)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$183,577</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of long-term investments	\$(161,620)
Proceeds from sales of long-term investments	51,951
Purchases of investments	(556,417)
Proceeds from sales of investments	423,873
Payments for building and equipment	<u>(531,539)</u>
NET CASH USED BY INVESTING ACTIVITIES	<u>\$(773,752)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Capital Campaign collections	\$448,947
Cash held for acquisition of property	<u>70,771</u>
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>\$519,718</u>

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

\$(70,457)

BEGINNING CASH AND CASH EQUIVALENTS

294,468

ENDING CASH AND CASH EQUIVALENTS

\$224,011

See accompanying Notes to Financial Statements.

KINGSLEY HOUSE, INC.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 1999

Note 1. Summary of Significant Accounting Policies

Nature of activities

Kingsley House, Inc. is a United Way agency serving the New Orleans area. In addition the Association obtains funds from governmental grants and donor contributions. Approximately 67% and 7% of the Association's revenues for the year ended June 30, 1999 came from government programs and allocations from the United Way.

Programs provided by the Association are as follows:

**Pre-school day care** - A state licensed Head Start center is provided for 180 children of working parents.

**School age day care and youth programs** - A day care center is maintained for school age children for after school hours as well as a full day program for the summer vacation. An evening youth program is provided for teenagers.

**Adult day health care** - The Agency operates an adult day health care program for 65 elderly or handicapped adults and a senior center for persons over 50 years old.

**Family preservation** - Intensive at-home counseling services are provided to families in crisis and at-risk of having their children removed from the home. It serves over 100 families a year and is available 24 hours a day.

**Child Protection Service** - The Agency has a contract with the State of Louisiana to investigate and assess reports of child abuse and neglect and to provide services which support families.

**Health Care For All** - The agency has a program to increase enrollment, in the St. Thomas and surrounding community, in the Louisiana Child Health Insurance Program.

KINGSLEY HOUSE, INC.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 1999

Note 1. Summary of Significant Accounting Policies (Continued)

Nature of Activities (Continued)

**Family-to-Family** - Provides training and support for in home day care providers and to provide extended day care hours for the existing day care program.

Basis of Accounting

The financial statements of the Association have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Investment Securities

The Association has adopted Statement of Financial Accounting Standards (SFAS) No. 124, "Accounting for Certain Investments Held by Not-For-Profit Organizations." Under SFAS No. 124, the Association is required to report investments with readily determinable fair values and all investments in debt securities at fair value. Unrealized gains and losses for the year ended June 30, 1999 are included in the statement of change in net assets.

Investments received as gifts are recorded at the fair value at the date of the gift.

KINGSLEY HOUSE, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 1999

Note 1. Summary of Significant Accounting Policies (Continued)

Contributions

In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions 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 reported 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.

The Organization uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

Donated Services

No amounts have been reflected in the financial statements for donated services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Association with specific assistance programs, campaign solicitations, and various committee assignments. The Association received 12,789 volunteer hours this year.

KINGSLEY HOUSE, INC.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 1999

Note 1. Summary of Significant Accounting Policies (Continued)

Expense Allocation

Expenses are charged to each program directly when the charge is identified to the program. Program expenditures which cannot be directly identified to a program are allocated based on square footage, usage statistics and ratio of program expenses to total expenses as appropriate. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Association.

Income Tax Status

The Association is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Association qualifies for the charitable contribution deduction under Section 190(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.



KINGSLEY HOUSE, INC.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 1999

Note 1. Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Association considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents, except that assets restricted for long-term purposes are not included as cash equivalents regardless of the liquidity.

Land, Building and Equipment

Land, building and equipment are carried at cost. All expenditures for land, buildings and equipment and the fair value of donated land, buildings and equipment in excess of \$1,000 are capitalized, except the Association does not capitalize property purchased with resources from grants that specify that the title remains with or reverts to grantor. Depreciation is computed by straight-line and accelerated methods.

Donated Assets

Donated marketable securities and other noncash donations are recorded as contributions at their estimated fair values at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Association reports expirations of donor restrictions over the useful life of the donated asset. The Organization reclassifies temporarily restricted net assets to unrestricted net assets over such useful life.



KINGSLEY HOUSE, INC.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 1999

Note 1. Summary of Significant Accounting Policies (Continued)

Designation of Unrestricted Net Assets

It is the policy of the Board of Directors of the Association to review its plans for future property improvements and acquisitions from time to time and to designate appropriate sums to assure adequate financing of such improvements and acquisitions.

Note 2. Temporarily Restricted Net Assets

Substantially all of the restrictions on net assets at June 30, 1999, relate to funds raised through the Capital Campaign, United Way funding for the next year and prior years funds restricted to purchasing or improving equipment and facilities.

The Association solicited contributions to renovate the existing facilities through the Capital Campaign. The projected cost of the renovation project is \$5,022,000. At June 30, 1999, the Capital Campaign has raised \$5,089,000 in promises to give. At June 30, 1999, \$3,295,000 has been expended for the renovation project.

Temporarily restricted net assets are available for the following purposes or periods:

	<u>Amount</u>
United Way funding for next year	\$ 618,726
Renovation of present facility, capital campaign	2,611,663
Purchase or improvement of equipment and facilities	33,538
For subsequent periods	<u>261,926</u>
	<u>\$3,525,853</u>

KINGSLEY HOUSE, INC.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 1999

Note 3. Promises To Give

Unconditional promises to give consists of the following:

	<u>Amount</u>
Restricted to renovation of facility	\$177,234
United Way services	<u>618,726</u>
Gross unconditional promises to give	<u>\$795,960</u>
Less: Unamortized discount	\$ 10,982
Allowance for uncollectible promises	<u>29,250</u>
	<u>\$ 40,232</u>
Net unconditional promises to give	<u>\$755,728</u>

The amount due from the United Way consists of the following:

	<u>Amount</u>
Allocation for next fiscal year	
General allocation	\$585,868
Donor designation	22,284
Combined Federal Campaign	<u>10,574</u>
	<u>\$618,726</u>

KINGSLEY HOUSE, INC.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 1999

Note 4. Investments

The following is a summary of investments at June 30, 1999 for various board designated purposes. Short term investments are stated at fair value.

	<u>Cost or Donated Value</u>	<u>Fair Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
Money funds	\$ 100,600	\$ 100,600	\$ --
Bonds and notes	25,340	25,215	(125)
Common stocks	<u>982,223</u>	<u>1,669,696</u>	<u>687,473</u>
	<u>\$1,108,163</u>	<u>\$1,795,511</u>	<u>\$687,348</u>

Investments held for long-term purposes, primarily building improvements are as follows:

	<u>Cost or Donated Value</u>	<u>Fair Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
Money funds	\$492,116	\$492,116	\$ --
Common stock	<u>17,994</u>	<u>20,940</u>	<u>2,946</u>
	<u>\$510,110</u>	<u>\$513,056</u>	<u>\$ 2,946</u>

The following schedule summarized the investment return and its classification in the statement of activities:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Investment income	\$ 76,091	\$ 20,426	\$ 96,517
Net realized and unrealized gains (losses)	<u>65,528</u>	<u>(2,509)</u>	<u>63,019</u>
Total investment return	<u>\$141,619</u>	<u>\$ 17,917</u>	<u>\$159,536</u>

KINGSLEY HOUSE, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 1999

Note 5. Land, Building and Equipment

At June 30, 1999, the costs and related accumulated depreciation of land, building and equipment consisted of the following:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net</u>	<u>Depreciation Annual Rates</u>
Land	\$ 75,000	\$ --	\$ 75,000	--
Buildings	4,146,577	1,630,673	2,515,904	4 percent
Construction in Progress	548,006	--	548,006	
Improvements	73,570	54,620	18,950	4-10 percent
Transportation equipment	135,944	61,309	74,635	20-33 percent
Furniture, fixtures and equipment	<u>329,494</u>	<u>225,311</u>	<u>104,183</u>	12-20 percent
	<u>\$5,308,591</u>	<u>\$1,971,913</u>	<u>\$3,336,678</u>	

Note 6. Leases

The Organization leases a service facility under the terms of an annual renewal lease agreement accounted for as an operating lease requiring monthly payments of \$350. Lease expense for the year ended June 30, 1999 was \$4,200 for lease payments.

KINGSLEY HOUSE, INC.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 1999

Note 7. Retirement Plan

The Agency maintains a noncontributory defined contribution retirement plan for employees who have attained age 21 and have completed two years of service. Employees receive a 100% vested interest in all contributions by the Agency on their behalf. Contributions are based on 4% of plan participants' salaries up to \$9,000 and 8% thereafter. Total retirement plan expense was \$89,956 for the year ended June 30, 1999. The Agency funds the retirement plan cost accrued for the year.

Note 8. Contingencies

The Agency received a portion of its revenue from government grants, which are subject to audit by the respective funding source. The ultimate determination of amounts received under these programs generally is based upon allowable costs reported to and audited by such governmental units. Until such audits have been completed and final settlement is reached, there exists a contingency to refund any amount received in excess of allowance costs.

Management is of the opinion that no material liability will result from such audits.

Note 9. Subsequent Events

The Board has approved a fund raising campaign to be launched in 1999-2000 with a goal of \$3,500,000. \$2,500,000 of the funds will be used for improvement of the facility and \$1,000,000 will be a permanent endowment for Kingsley House, Inc.

**SUPPLEMENTARY INFORMATION**



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INDEPENDENT AUDITOR'S REPORT ON  
THE SUPPLEMENTARY INFORMATION

To the Board of Directors  
Kingsley House, Inc.  
New Orleans, Louisiana

Our report on our audit of the basic financial statements of Kingsley House for 1999 appears on page 1. We conducted our audit in accordance with generally accepted auditing standards for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information, except for that portion market "unaudited", on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Bernard & Franks*

Metairie, Louisiana  
December 27, 1999

**KINGSLEY HOUSE, INC.**  
**SCHEDULE OF SUPPORT, REVENUES AND EXPENSES**  
**IN ACCORDANCE WITH UNITED WAY REQUIREMENTS**  
**(UNAUDITED)**  
**YEAR ENDED JUNE 30, 1999**

	<u>Agency Total</u>	<u>Supporting Services Management and General</u>	<u>Building Improvement Fund Drive</u>	<u>Total Program Services</u>
<b>REVENUE:</b>				
Board Generated Self Support	\$ 472,988	\$ 96,746	\$ 283,461	\$ 92,781
Client Generated Self Support	7,630	-	-	7,630
Governmental Grants/Contracts	2,293,208	-	-	2,293,208
Other revenue	162,467	114,288	19,363	28,816
<b>TOTAL SELF-GENERATED REVENUE</b>	<b>\$ 2,936,293</b>	<b>\$ 211,034</b>	<b>\$ 302,824</b>	<b>\$ 2,422,435</b>
United Way Designation	38,312	29,098	-	9,214
CFC Designations	11,977	11,977	-	-
<b>TOTAL REVENUE</b>	<b>\$ 2,986,582</b>	<b>\$ 252,109</b>	<b>\$ 302,824</b>	<b>\$ 2,431,649</b>
United Way Allocation	576,515	-	-	576,515
<b>GRAND TOTAL REVENUE</b>	<b>\$ 3,563,097</b>	<b>\$ 252,109</b>	<b>\$ 302,824</b>	<b>\$ 3,008,164</b>
<b>EXPENSES:</b>				
Compensation Expenses	\$ 2,324,058	\$ 354,717	\$ 38,376	\$ 1,930,965
Occupancy Expenses	184,321	13,657	355	170,309
Travel and Transportation	111,726	5,655	673	105,398
Specific Assistance	12,268	77	-	12,191
Board Generated Self Support	16,128	7,942	8,186	-
Other Direct Program Expenses	504,730	44,629	-	460,101
Fixed Assets	29,847	2,621	-	27,226
<b>GRAND TOTAL EXPENSES</b>	<b>\$ 3,183,078</b>	<b>\$ 429,298</b>	<b>\$ 47,590</b>	<b>\$ 2,706,190</b>
<b>NET DIFFERENCE</b>	<b>\$ 380,019</b>	<b>\$ (177,189)</b>	<b>\$ 255,234</b>	<b>\$ 301,974</b>
				-
Depreciation	\$ 164,502	\$ 5,728	\$ -	\$ 158,774

Total Direct Program Expenses  
Percentage of Total Program Expenses  
Distribution of M&G Expenses  
Grand Total Program Expenses

Program Services

Pre-School Day Care	School Age Day Care/Youth	Adult Day Health Care	Family Preservation	Child Protection Service	Health Care for All	Family-To- Family
\$ -	\$ 11,963	\$ 13,670	\$ 1,361	\$ -	\$ 4,380	\$ 61,407
-	7,630	-	-	-	-	-
1,084,592	144,506	368,584	281,593	216,852	-	197,081
-	28,652	164	-	-	-	-
\$ 1,084,592	\$ 192,751	\$ 382,418	\$ 282,954	\$ 216,852	\$ 4,380	\$ 258,488
-	-	9,214	-	-	-	-
-	-	-	-	-	-	-
\$ 1,084,592	\$ 192,751	\$ 391,632	\$ 282,954	\$ 216,852	\$ 4,380	\$ 258,488
261,601	188,853	54,801	71,260	-	-	-
\$ 1,346,193	\$ 381,604	\$ 446,433	\$ 354,214	\$ 216,852	\$ 4,380	\$ 258,488
\$ 799,128	\$ 210,233	\$ 287,571	\$ 260,083	\$ 163,152	\$ 2,952	\$ 207,846
92,109	42,133	15,662	8,087	8,878	-	3,440
21,798	25,151	29,110	12,835	6,102	-	10,402
3,908	1,686	2,649	2,763	1,175	-	10
207,619	85,066	89,054	22,052	16,032	721	39,557
17,716	4,083	41	35	4,624	-	727
\$ 1,142,278	\$ 368,352	\$ 424,087	\$ 305,855	\$ 199,963	\$ 3,673	\$ 261,982
\$ 203,915	\$ 13,252	\$ 22,346	\$ 48,359	\$ 16,889	\$ 707	\$ (3,494)
\$ 138,981	\$ 7,841	\$ 5,791	\$ 5,639	\$ -	\$ 522	\$ -
\$ 1,142,278	\$ 368,352	\$ 424,087	\$ 305,855	\$ 199,963	\$ 3,673	\$ 261,982
42.21%	13.61%	15.67%	11.30%	7.39%	0.14%	9.68%
\$ 203,915	\$ 58,427	\$ 44,563	\$ 48,511	\$ 31,725	\$ 601	\$ 41,556
\$ 1,346,193	\$ 426,779	\$ 468,650	\$ 354,366	\$ 231,688	\$ 4,274	\$ 303,538

KINGSLEY HOUSE, INC.

SCHEDULE OF SUPPORT, REVENUE AND EXPENSES  
IN ACCORDANCE WITH UNITED WAY REQUIREMENTS  
(Unaudited)  
YEAR ENDED JUNE 30, 1999

RECONCILIATION OF UNITED WAY SCHEDULE WITH THE  
STATEMENT OF SUPPORT, REVENUE AND EXPENSES

Reconciliation of total revenues is as follows:

Total Revenues, gains and other support per statement of revenue, expenses, and other changes in net assets	\$3,562,934
United Way Funding for the year	610,947
United Way Funding for next year	(618,726)
Self support expenses	<u>7,942</u>
	<u>\$3,563,097</u>

In accordance with generally accepted accounting principles, \$1,028 of unrealized appreciation on investments is included in other revenues:

Reconciliation of total expenses is as follows:

Total Expenses per statement of support, revenue and expenses and changes in fund balances	\$3,339,638
Depreciation	(164,502)
Self support expenses	<u>7,942</u>
	<u>\$3,183,078</u>

ALLOCATION OF MANAGEMENT AND GENERAL EXPENSES

Except as noted below, management and general expenses were allocated to the programs based on the ratio of expenses to total expenses for all programs. Management and general expenses of \$22,708 which would have been allocated to the Adult Day Health Care program based on its ratio were allocated to the Preschool Day Care program.

**KINGSLEY HOUSE, INC.**

**SCHEDULE OF SUPPORT, REVENUE AND EXPENSES  
IN ACCORDANCE WITH UNITED WAY REQUIREMENTS**

**(Unaudited)**

**(CONTINUED)**

**YEAR ENDED JUNE 30, 1999**

**PRE-SCHOOL DAY CARE PROGRAM**

The Pre-School Day Care Program includes in revenues grant funds from Total Community Action in the amount of \$9,110 which were restricted to the purchase of furnishings, equipment and building improvements. These expenditures were capitalized and not included in the expenses on the schedule.

**SCHOOL AGE DAY CARE/YOUTH PROGRAM**

The School Age Day Care/Youth Program included in governmental grants revenues \$2,999 which were restricted to the purchase of equipment and building improvements. These expenditures were capitalized and not included in the expenses on the schedule.

**ADULT DAY HEALTH CARE PROGRAM**

The Adult Day Health Care Program included in governmental grants revenues of \$9,214 which were restricted to the purchase of transportation equipment. These expenditures were capitalized and not included in the expenses on the schedule.



KINGSLEY HOUSE, INC.

SCHEDULE OF GOVERNMENTAL GRANTS AND CONTRACTS  
FOR THE YEAR ENDED JUNE 30, 1999

	<u>Total Community Action Pre-School</u>	<u>State Food Pre-School</u>	<u>Criminal Justice</u>	<u>Family Service Westbank</u>	<u>New Orleans Council On Aging</u>	<u>Title XIX Adult Day Program</u>	<u>Volunteers of America Summer Eastbank</u>
<b>REVENUES</b>							
Federal financial assistance and other state and federal revenue	\$ <u>968,137</u>	\$ <u>140,650</u>	\$ <u>25,751</u>	\$ <u>14,071</u>	\$ <u>26,258</u>	\$ <u>308,208</u>	\$ <u>1,104</u>
<b>EXPENSES</b>							
Compensation and related	\$ 718,901	\$ 29,444	\$ 5,613	\$ 12,757	\$ 21,231	\$ 212,971	\$ 624
Professional	12,118	--	12,118	--	54	29,716	--
Supplies	82,083	90,313	1,731	132	3,027	10,904	141
Occupancy	72,646	--	3,812	--	985	13,560	--
Travel	21,694	78	600	45	904	27,600	228
Specific assistance	3,865	--	1	--	--	2,649	--
Other	34,366	910	1,873	1,137	57	10,767	111
Renovations and furnishings	<u>22,464</u>	<u>4,351</u>	<u>3</u>	<u>--</u>	<u>--</u>	<u>41</u>	<u>--</u>
<b>TOTAL EXPENSES</b>	\$ <u>968,137</u>	\$ <u>125,096</u>	\$ <u>25,751</u>	\$ <u>14,071</u>	\$ <u>26,258</u>	\$ <u>308,208</u>	\$ <u>1,104</u>
<b>DIFFERENCE</b>	\$ <u>--</u>	\$ <u>15,554</u>	\$ <u>--</u>	\$ <u>--</u>	\$ <u>--</u>	\$ <u>--</u>	\$ <u>--</u>



<u>Volunteers Of America Summer Camp</u>	<u>Volunteers Of America Summer Westbank</u>	<u>Volunteers Of America Saturday Respite</u>	<u>Volunteers Of America Family Preservation Eastbank</u>	<u>State Food - Adults</u>	<u>Total Community Action Early Head Start</u>	<u>Total Community Action Camp Head Start</u>	<u>Family to Family Early Head Start</u>	<u>OCS Family Preservation</u>
\$ 18,998	\$ 2,224	\$ 11,678	\$ 12,714	\$ 34,117	\$ 137,293	\$ 23,712	\$ 59,788	\$ 131,858
\$ 6,922	\$ 1,165	\$ 5,698	\$ 12,350	\$ 2,320	\$ 111,369	\$ 10,864	\$ 35,924	\$ 101,451
--	--	732	--	--	314	500	220	2,007
3,136	831	3,140	33	31,710	18,962	1,137	15,944	1,576
2,760	--	--	--	--	(760)	3,395	2,513	4,926
3,615	228	1,997	--	19	5,130	3,812	4,007	7,331
--	--	--	--	--	10	--	--	914
--	--	11	331	68	--	2,067	1,057	6,922
--	--	--	--	--	--	1,937	--	29
\$ 16,433	\$ 2,224	\$ 11,578	\$ 12,714	\$ 34,117	\$ 135,025	\$ 23,712	\$ 59,665	\$ 125,156
\$ 2,565	\$ --	\$ 100	\$ --	\$ --	\$ 2,268	\$ --	\$ 123	\$ 6,702

(Continued)

KINGSLEY HOUSE, INC.

SCHEDULE OF GOVERNMENTAL GRANTS AND CONTRACTS  
(CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 1999

	<u>OYD - Family Preservation</u>	<u>OADA</u>	<u>OCS Family Support</u>	<u>OCS Family Preservation - FAST</u>	<u>OCS Assesment Intervention</u>	<u>Total All Grants</u>
<b>REVENUES</b>						
Federal financial assistance and other state and federal revenue	\$ <u>122,950</u>	\$ <u>36,845</u>	\$ <u>36,229</u>	\$ <u>73,517</u>	\$ <u>107,106</u>	\$ <u>2,293,208</u>
<b>EXPENSES</b>						
Compensation and related	\$ 77,244	\$ 19,060	\$ 30,608	\$ 43,613	\$ 87,775	\$1,460,129
Professional	300	4,926	--	1,400	495	64,405
Supplies	974	3,143	262	2,004	3,466	271,183
Occupancy	1,681	2,563	--	3,784	5,094	111,865
Travel	4,385	7,077	33	2,339	3,731	91,122
Specific assistance	1,016	--	175	--	1,000	8,630
Other	2,536	73	425	2,455	5,527	65,166
Renovations and furnishings	<u>--</u>	<u>3</u>	<u>--</u>	<u>4,606</u>	<u>18</u>	<u>33,434</u>
<b>TOTAL EXPENSES</b>	\$ <u>88,136</u>	\$ <u>36,845</u>	\$ <u>31,503</u>	\$ <u>60,201</u>	<u>107,106</u>	<u>2,213,040</u>
<b>DIFFERENCE</b>	\$ <u>34,814</u>	\$ <u>--</u>	\$ <u>4,726</u>	\$ <u>13,316</u>	\$ <u>--</u>	\$ <u>80,168</u>

**OMB CIRCULAR A-133 COMPLIANCE AND  
GOVERNMENT AUDITING STANDARDS REPORTS**

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**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  
Kingsley House, Inc.

We have audited the financial statements of Kingsley House, Inc. (a nonprofit organization) as of and for the year ended June 30, 1999, and have issued our report thereon dated December 27, 1999. 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 Kingsley House, Inc.'s 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 would have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

## Internal Control Over Financial Reporting

In planning and performing our audit, we considered Kingsley House, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting.

Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, others within the Organization, and federal awarding agencies and pass-through entities.

*Bernard & Franks*

Metairie, Louisiana  
December 27, 1999

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

**To the Board of Directors  
Kingsley House, Inc.  
New Orleans, Louisiana**

**Compliance**

We have audited the compliance of Kingsley House, 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 year ended June 30, 1999. Kingsley House, 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 Kingsley House, Inc.'s management. Our responsibility is to express an opinion on Kingsley House, Inc.'s compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, "Audits of States, Local Governments, and Non-profit Organizations." Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Kingsley House, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Kingsley House, Inc.'s compliance with those requirements.



In our opinion, Kingsley House, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 1999.

Internal Control Over Compliance

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

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information of the audit committee, management, others within the Organization, and federal awarding agencies and pass-through entities.

*Bernard & Frankel*

Metairie, Louisiana  
December 27, 1999

KINGSLEY HOUSE, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 1999

<u>Federal Grantor/Pass-Through Grantor / Program Title</u>	<u>Federal CFDA Number</u>	<u>Agency or Pass-Through Number</u>	<u>Federal Expenditures</u>
U.S. Department of Health and Human Services Passed-through Total Community Action, Inc.			
Head Start Act			
Project Head Start	93.600	06CH0473	\$ 979,343
Early Head Start	93.600	06YC0521	196,961
Camp Head Start	93.600		<u>23,712</u>
			<u>\$1,200,016</u>
Passed-through State of Louisiana, Office of Community Service/Social Services Block Grant			
Family Preservation-FAST	93.667	515186	\$ 60,201
Family Preservation-Support	93.667	515185	31,502
Family Preservation-Orleans and Thibodeaux	93.667	508011 & 507955	125,155
Assessment Intervention -- FAST and Family Support	93.667	539343	<u>107,106</u>
			<u>\$ 323,964</u>
Passed-through New Orleans Council on Aging Administration for Aging - Special Programs for the Aging - Title III Part B - Grants For Supportive Services and Senior Centers			
	93.044	SC-60	<u>\$ 26,341</u>
Passed-through Louisiana Department of Health and Hospitals - Office of Drug Block Grants for Prevention and Treatment			
	93.959	--	<u>\$ 36,846</u>

(Continued)

See accompanying notes to schedule of expenditures of federal awards.

KINGSLEY HOUSE, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
(CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 1999

<u>Federal Grantor/Pass-Through Grantor / Program Title</u>	<u>Federal CFDA Number</u>	<u>Agency or Pass-Through Number</u>	<u>Federal Expenditures</u>
Passed through Volunteers of America For Greater New Orleans:			
Summer Eastbank	93.556		\$ 1,104
Summer Camp	93.556		16,433
Summer Westbank	93.556		2,224
Saturday Respite	93.556		11,578
Family Preservation – Eastbank	93.556		<u>12,714</u>
			<u>\$ 44,053</u>
Total U.S. Department of Health and Human Services			<u>\$1,631,220</u>
U.S. Department of Agriculture			
Passed-through State of Louisiana			
Department of Education			
Child and Adult Food Program	10.558	CC93-255	\$ 125,097
Child and Adult Food Program	10.558	CC93-432	<u>43,681</u>
Total U.S. Department of Agriculture			<u>\$ 168,778</u>
Department of Justice			
Passed-through Louisiana Commission of Law Enforcement and Administration of Child Abuse Victim Support Group			
	16.547	96-C9-V.3036	<u>\$ 25,751</u>
Total Department of Justice			<u>\$ 25,751</u>
Total Expenditures of Federal Awards			<u>\$1,825,749</u>

See accompanying note to schedule of expenditures of federal awards.

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 1999

**Note A - Basis of Accountings**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Association and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

**Note B - Risk-Based Audit Approach**

The dollar threshold used to distinguish between Type A and Type B programs is \$300,000. The organization does not qualify as a low-risk auditee.

KINGSLEY HOUSE, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 1999

SUMMARY OF THE AUDITORS' RESULTS

- An unqualified opinion was issued on the financial statements of the auditee.
- The statement that reportable conditions in internal control were disclosed by the audit of the financial statements and whether any such conditions were material weaknesses is not applicable.
- The audit disclosed no instances of noncompliance that were material to the financial statements of the auditee.
- The statement that reportable conditions in internal control over major programs were disclosed by the audit and whether any such conditions were material weaknesses is not applicable.
- An unqualified opinion was issued on compliance for major programs.
- The audit disclosed no findings which are required to be reported under Section 510(a) of Circular A-133.
- Major programs for the fiscal year ended June 30, 1999 were:
  1. Department of Health and Human Services  
Head Start Act (CFDA #93.600)
  2. Department of Health and Human Services  
Social Services Block Grant (CFDA #93.667)
- The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- The auditee did not qualify as a low-risk auditee.

KINGSLEY HOUSE, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(CONTINUED)  
YEAR ENDED JUNE 30, 1999

SCHEDULE OF FINDINGS RELATED TO THE FINANCIAL STATEMENTS

There were no findings related to the financial statements for the year ended June 30, 1999.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS

There were no items identified in the course of our testing during the current year required to be reported.

STATUS OF PRIOR YEAR AUDIT FINDINGS

There were no instances of non-compliance in the prior year.