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VOLUNTEERS OF AMERICA OF GREATER NEW ORLEANS, INC.

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Pelease Date 1-19-00

FINANCIAL AND COMPLIANCE AUDIT TOGETHER WITH INDEPENDENT AUDITORS' REPORT

FOR THE YEARS ENDED JUNE 30, 1999 AND 1998

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CERTIFIED PUBLIC ACCOUNTANTS

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VOLUNTEERS OF AMERICA OF GREATER NEW ORLEANS, INC.

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VOLUNTEERS OF AMERICA OF GREATER NEW ORLEANS, INC.

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CERTIFIED PUBLIC ACCOUNTANTS



ALCIDE J. TERVALON, JR., CPA WALDO J. MOBET, 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, 1999 and 1998 and the related consolidated statements of activities and functional expenses for the year ended June 30, 1999 and statements of cash flows for the years ended June 30, 1999 and 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 audits 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, 1999 and 1998, and the changes in its net assets for the year ended June 30, 1999, and its cash flows for the years ended June 30, 1999 and 1998 in conformity with generally accepted accounting principles.

650 S. PIERCE ST./SUITE 203, NEW ORLEANS, LA 70119 (504) 482-8733 FAX (504) 486-8296

INDEPENDENT AUDITORS' REPORT

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 8, 1999 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, 1999.

Our audits were 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 statement of financial position at June 30, 1999, the consolidating statement of activities, 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. This supplementary information, except for that portion marked "unaudited" on which we express no opinion, has been subjected to the auditing procedures applied in the audits 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.

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October 8, 1999

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VOLUNTEERS OF AMERICA OF GREATER NEW ORLEANS, INC. CONSOLIDATED STATEMENTS OF FINANCIAL POSITION JUNE 30, 1999 AND 1998

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		1999		1998
ASSETS				
Current assets:				
Cash and cash equivalents Grants receivable, net of allowance for doubtful accounts of \$ -0- and \$10,885 at June 30, 1999	\$	67,417	\$	125,045
and June 30, 1998, respectively. (NOTE 3)		1,547,301		1,329,591
Notes receivable - other		18,720 7,113		9,302 4,367
Prepaid expenses Other assets		54,108		45,109
Total current assets		1,694,659	_ · -	1,513,414
Fixed assets:				
Land, building and building improvements (NOTE 5)		6,633,711		4,705,834
Vehicles, furnishings and equipment (NOTE 5) Accumulated depreciation (NOTE 5)		1,560,750 (2,865,241)	_	1,192,452 (2,544,860)
Total fixed assets, net	_ · · ·	5,329,220	.	3,353,426
Other assets:				
Investments (NOTE 4)		1,613,950		1,466,794
Investment in joint ventures (NOTE 12)		543,547		448,639
Encumbered assets (NOTE 6)	-	61,514		70,470
Total other assets	-	2,219,011	- -	1,985,903
Total assets	\$	9,242,890	\$	6,852,743

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

VOLUNTEERS OF AMERICA OF GREATER NEW ORLEANS, INC. CONSOLIDATED STATEMENTS OF FINANCIAL POSITION JUNE 30, 1999 AND 1998

		1999		1998
LIABILITIES AND NET ASSETS				
Current liabilities:				
Bank overdrafts	\$	538,064	\$	431,756
Accounts payable		341,827		105,419
Mortgages and notes payable (NOTE 7)		796,486		348,519
Current portion of obligations under capital leases (NOTE 9)		16,175		0
Accrued expenses		763,849		673,999
Other liabilities		121,951		139,023
Total current liabilities	L 7.7	2,578,352	<u> </u>	1,698,716
Other liabilities:				

Mortgages and notes payable (NOTE 7) Long-term portion of obligations under capital leases (NOTE 9) Other	2,451,323 47,842 7,407	1,068,300 0 7,407
Total other liabilities	2,506,572	1,075,707
Total liabilities	5,084,924	2,774,423
Net assets:		
Unrestricted Permanently restricted (NOTE 2)	4,131,099 26,867	4,052,394 25,926
Total net assets	4,157,966	4,078,320
Total liabilities and net assets	\$9,242,890	\$ <u>6,852,743</u>

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

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CONSC CONSC FOI FOI WITH SUMMARIZED FINAN	AMERICA OF GREATE DLIDATED STATEMENT OF R THE YEAR ENDED JUNE CIAL INFORMATION FOR T	R NEW URLEAN ACTIVITIES 30, 1999 HE YEAR ENDED	JUNE 30,	1998			-
REVENUES	Unrestricted	Permanentiy Restricted	ł		1999		1998
rations:							
red directly:	\$ 133,863	в	0	б	133,863	Ø	94,861
of direct benefit cost 7,659 for the years ended d 1998, respectively			o		122,382		113,647
red indirectly:	137,171		0		137,171		123,506
pport	393,416		o ¦		393,416		332,014
s from governmental agencies	10,220,149		o		10,220,149		9,359,566
	952,028 35,025 1,668,897		000		952,028 35,025 1,668,897		784,566 77,075 1,738,509
/enue	2,655,950		o		2,655,950		2,600,150
g revenues	13,269,515		0		13,269,515		12,291,730
		•					

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financial statements.

The accompanying notes are an integral part of these

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Public support received Contributions Special events, net of of \$31,230 and \$27,6 June 30, 1999 and 1 June 30, 1999 and 1 Total public supp Total public supp Frogram service fees Revenues and grants fr Program service fees Rental income Sales of materials, net Total other reven Total other reven
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VOLUNTEERS OF AMEI CONSOLIDAT FOR THE WITH SUMMARIZED FINANCIAL II	RS OF AMERICA OF GREATEF CONSOLIDATED STATEMENT OF FOR THE YEAR ENDED JUNE FINANCIAL INFORMATION FOR THE	R NEW ORLEANS ACTIVITIES 30, 1999 HE YEAR ENDED JU	IS, INC. JUNE 30, 1998			ب ب
	Unrestricted	Permanently Restricted		1999		1998
EXPENSES						
υ						
	<pre>\$ 2,813,046 94,012 </pre>	¢	у	2,813,046 94,012	Ф	6 2
Developmental disability es	3,356,492 1,857,193 967,578			3,356,492 1,857,193 967,578		2,387,322 1,486,694 1,054,933
aining services tement	0/0,000 229,781 1,549,812		000	0, 5, 850 229, 781 1, 549, 812		633,460 212,451 1,490,280
services	11,543,764		0	11,543,764		10,606,849
enerai	1,532,785	1 	o	1,532,785		1,409,695
ng services	1,532,785		0	1,532,785	ĺ	1,409,695
	283,739		0	283,739	Í	273,009
g expenses	13,360,288		0	13,360,288	ĺ	12,289,553
ency) from operations	(60,773)		0	(90,773)	ľ	2,177

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financial statements.

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The accompanying notes are an integral part of these

Substance abuse Mental health Mental retardation/De Elderly services Employment and train Community enhancen Supporting services: Management and gel Operating expenses: Correctional services Total program s Total supporting Excess (deficier Total operating . Children and youth Program services: Administrative fee

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VOLUNTEEF WITH SUMMARIZED	NTEERS OF AMERICA OF GREATER CONSOLIDATED STATEMENT OF A FOR THE YEAR ENDED JUNE 3 ARIZED FINANCIAL INFORMATION FOR TH	NEW ORLEANS, IN ACTIVITIES 0, 1999 E YEAR ENDED JUNE	C. 30, 1998	•• .
	Unrestricted	Permanently Restricted	1999	1998
HER GAINS (LOSSES)				
(losses):				
income ments s on investments	46,399 103,902 11,475 (46,985)	⊕ 140000	\$ 47,340 103,902 11,475 (46,985)	\$ 45,422 138,784 0 63,208
ating gains (losses)	169,478	941	170,419	335,257
assets	78,705	941	79,646	337,434
of year	4,052,394	25,926	4,078,320	3,740,886
ar	\$ 4,131,099	\$26,867	\$ 4,157,966	\$ 4,078,320
			·	
The accou	accompanying notes are an integral part of	these financial statements	S	

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OTHE Non-operating gains (lo: Interest and dividend inco Gain on sale of investmer Gain on sale of assets Unrealized gain (loss) on Other income

· · · · · · · · - -

Total non-operatir

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Change in net ass Net assets, beginning of Net assets, end of year

.

	a	ldren nd outh	Substance Abuse	
Salaries	\$ 1,1	44,496 \$	32,569	
Employee bonuses		0	0	· .
Pension expense		25,153	102	
Other employee benefits		47,526	1,194	
Payroll taxes		91,699	2,683	
Legai fees		12,924	320	
Accounting fees		0	0	
Other professional fees	8	42,683	4,775	
Supplies and expenses	1	10,391	18,042	•

Supplies and expenses	110,391	18,042
Telephone	42,266	1,784
Postage	3,328	0
Occupancy expense	226,813	18,519
Interest	0	5,500
Equipment rental and maintenance	7,217	794
Printing and publications	8,521	246
Travel	61,157	3,860
Conferences and meetings	6,955	64
Direct assistance to clients	78,436	0
Other	65,566	76
Depreciation and amortization	37,915	3,484
Total functional expense	\$ <u>2,813,046</u> \$	94,012
Administrative fees - National Office		
Total expense		

Direct benefit expense

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Total expense plus direct benefit expense

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VOLUNTEERS OF AMERICA OF GREATER NEW ORLEANS, INC. CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED JUNE 30, 1999 WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 1998

				vices	er	Program Se				
Community Enhancement	• •	Employment and Training Services	- •	Elderly Services	-	Correctional Services	- ,	Mental Retardation/ Developmental Disability	 Mental Health	
763,576	\$	151,757	\$	\$ 456,855	I	574,427	\$	1,503,451	\$ 1,392,370	•
0		0		0	l	0		0	0	
7,903		8,492		11,168		19,148		16,653	26,938	
25,311		7,387		19,369		22,721		30,550	55,800	
78,736		8,834		38,706		55,180		120,475	113,167	
4,356		0		1,474		206		5,920	14,312	
0		0		0		0		0	5,000	
116,706		17,385		34,377		56,607		47,791	503,540	
57,833		5,995		8,574		89,567		5,620	112,953	
12,428		2,897		26,205		5,905		19,641	39,593	
643		26		1,438		397		283	1,728	
298,053		15,505		37,880		80,477		33,003	414,140	
0		0		0		9,444		0	46,516	
2,199		441		2,518		3,324		3,912	15,987	
4,662		871		3,573		928		1,787	6,357	
99,323		3,359		23,562		12,673		56,091	104,120	
1,718		4,368		6,410		8,390		1,867	6,414	
442		248		1,706		1,057		2,115	429,463	
887		820		1,980		2,355		4,717	8,333	
75,036	<u> </u>	1,396		55		24,772		3,317	 59,761	
1,549,812	\$	229,781	_\$_	675,850		967,578	\$_	1,857,193	\$ 3,356,492	

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~·			Supporting Services						
Total		. N	Management and <u>General</u>		1999		1998		
\$	6,019,501	\$	675,208	\$	6,694,709	\$	6,229,371		
	0		0		0		104,018		
	115,557		41,155		156,712		131,919		
	209,858		62,289		272,147		262,569		
	509,480		40,814		550,294		531,686		
	39,512		11,428		50, 9 40		28,731		
	5,000		26,038		31,038		31,181		
	1,623,864		190,094		1,813,958		1,597,567		
	408,975		38,627		447,602		465,119		
	150,719		23,415		174,134		138,716		
	7,843		13,945		21,788		18,284		
	1,124,390		78,462		1,202,852		870,279		
	61,460		81,695		143,155		139,400		
	36,392		8,761		45,153		35,882		
	26,945		50,200		77,145		39,926		
	364,145		2,576		366,721		412,285		
	36,186		57,110		93,296		80,612		
	513,467		0		513,467		485,870		
	84,734		39,178		123,912		146,287		
_	205,736		91,790		297,526		266,842		
\$	11,543,764	\$	1,532,785		13,076,549		12,016,544		
					283,739		273,009		
					13,360,288		12,289,553		



\$<u>13,391,518</u> 12,344,340 **_\$__**

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VOLUNTEERS OF AMERICA OF GREATER NEW ORLEANS, INC CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED JUNE 30, 1999 AND 1998

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	 1999	 1998
Operating activities:		
Change in net assets	\$ 79,646	\$ 337,434
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation Unrealized (gain) loss on investments Gain on sales of investments Provision for doubtful accounts	297,527 46,985 (103,902) 0	266,842 (63,208) (138,784) 16,240

Change in operating assets and liabilities:

.

Grants receivable	(217,710)	201,563
Notes receivable	(9,418)	(9,302)
Prepaid expenses	(2,746)	8,817
Other assets	(8,999)	(23,590)
Encumbered assets	8,956	21,732
Accounts payable	236,408	9,853
Accrued expenses	89,850	190,249
Other liabilities	(17,072)	(155,868)
Cash provided by operating activities	399,525	661,978
Investing activities:		
Proceeds from sale of investments	1,309,983	1,455,629
Purchase of investments	(1,400,222)	(1,532,494)
Acquisition of property and equipment	(2,305,488)	(481,413)
Proceeds from sale of property and equipment	32,167	26,256
Investment in VOA Development, Inc.	105,091	(83,972)
Investment in Edgewater Ventures	(200,000)	0
Cash used in investing activities	(2,458,469)	(615,994)

The accompanying notes are an integral part of these financial statements. 9

VOLUNTEERS OF AMERICA OF GREATER NEW ORLEANS, INC CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED JUNE 30, 1999 AND 1998

	B	1999	 1998
Financing activities:			
Increase in bank overdrafts Proceeds from mortgages and notes payable Principal payments on mortgages and notes payable Obligation under capital leases Cash (used in) provided by financing activities	\$	106,308 1,931,759 (100,768) 64,017 2,001,316	\$ 101,597 0 (166,800) 0 (65,203)
Net increase (decrease) in cash and cash equivalents Cash and cash equivalents, beginning of year		(57,628)	 (19,219) 144,264
Cash and cash equivalents, end of year	\$	67,417	\$ 125,045



Supplemental disclosure for Cash Flow Purposes: Interest paid

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

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

NOTE 1 - ORGANIZATION

Volunteers of America of Greater New Orleans, Inc. (VOA/GNO, Inc.) is a notfor-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.

The consolidated financial statements of VOA/GNO, Inc. include Community Centers, Inc. (CLC, 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 consolidated financial statements do not include the activities of VOA Development, Inc., a wholly owned subsidiary of VOA/GNO, Inc. (See Note 12).

The Organization operates and maintains programs to meet a wide variety of needs for individuals in the Organization's service areas. These programs provide numerous social services which are described below:

NOTE 1 - <u>ORGANIZATION</u> CONTINUED

Children and Youth

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.

Additionally, 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, the State of Louisiana, Department of Health and Hospitals, Title XIX and fund raising activities.

Substance Abuse Services

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.

Mental Health

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.

NOTE 1 - <u>ORGANIZATION</u> CONTINUED

Mental Retardation/Developmental Disability

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.

Correctional Services

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.

Elderly Services

This program fosters independent living with dignity and a sense of selfreliance for the elderly. The program also sponsors educational and healthrelated 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.

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NOTE 1 - <u>ORGANIZATION</u> CONTINUED

Employment and Training Services

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

This program is funded through fund raising activities.

Community Enhancement

This program refurbishes and sells donated automobiles, clothes, furniture and computers donated to the Organization for resale.

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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Organization conform to generally accepted accounting principles as applicable to voluntary health and welfare organizations. The more significant accounting policies of the Organization are described below:

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.

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Organization, inclusive of Community Living Center, Inc. All material intercompany transactions have been eliminated.

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 statements 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. The Organization follows the practice of capitalizing all expenditures for land, buildings and equipment over \$1,000. The fair value of donated fixed assets is similarly capitalized.

Depreciation and amortization is computed using the straight-line method based upon the estimated useful lives of the assets.

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.

NOTE 2 - <u>SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES</u> CONTINUED

Contributions

All contributions are considered available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net assets.

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.

Designated and Encumbered Assets

Designated and encumbered assets represent the total of all assets that are encumbered by donor restrictions, legal agreements, and board designation or are otherwise unavailable for the general use of the organization. This category generally includes assets such as client/custodial funds, escrow/reserve funds, temporarily and permanently restricted assets, and securities that are pledged and held by the lender as collateral for financing.

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NOTE 2 - <u>SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES</u> CONTINUED

Net Assets

The Organization classifies net assets into three categories: unrestricted, temporarily restricted and permanently restricted. All net assets are considered to be available for unrestricted use unless specifically restricted by the donor or by law. Temporarily restricted net assets include contributions with temporary, donor-imposed time or purpose restrictions. Temporarily restricted net assets become unrestricted and are reported in the statement of activities as net assets released from restricted purpose. Permanently restricted net assets include contributions with donor-imposed restrictions requiring resources to be maintained in perpetuity, but permitting use of all or part of the investment income earned on the contributions. At June 30, 1999 the Organization had no temporarily restricted net assets.

Federal Income Taxes

The Organization is exempt from Federal income taxes as a subordinate unit of Volunteers of America, Inc. Volunteers of America, Inc. 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.

Investments

Investments in all debt and equity securities with readily determinable fair value are reported at their fair value. All other investments are reported at historical cost, if purchased, or, if contributed, at fair value at the date of contribution.

Summary Financial Information for 1998

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. 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 the Organization's financial statements for the year ended June 30, 1998, from which the summarized information was derived.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Allocation of Expenses

The costs of providing the various program services and supporting activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the various functions.

Use of 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.

Reclassifications

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

NOTE 3 - <u>GRANTS RECEIVABLE</u>

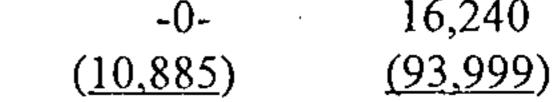
At June 30, amounts included in grants receivable were as follows:

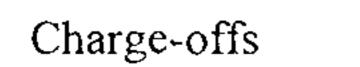
18

	1999	<u> 1998 </u>
Grants receivable	\$1,547,301	\$1,340,476
Less: Allowance for doubtful accounts		<u>(10,885</u>)
Grants receivable, net	\$ <u>1,547,301</u>	\$ <u>1,329,591</u>

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

	<u> </u>	<u> 1998 </u>
Balance at beginning of year	\$ 10,885	\$ 88,644
Provision for doubtful accounts	-0-	16,240







Balance at end of year

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

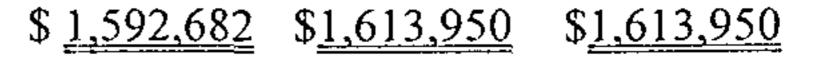
NOTE 4 - INVESTMENTS

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

	.	1999				
			Fair			arrying
		<u>Cost</u>		Value	<u></u>	Value_
Corporate bonds	\$	498,430	\$	466,161	\$	466,161
Government bonds		25,000		25,094		25,094
Zero coupon bonds		103,138		104,888		104,888
Common stock		673,309		637,997		637,997
Mutual funds		292,805	-	379,810	-	379,810



		1998			
		Fair			
	<u>Cost</u>	Value	Value		
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	249,428	334,726	_334,726		

\$ <u>1,372,072</u>	\$ <u>1,466,794</u>	\$ <u>1,466,794</u>
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NOTE 4 - <u>INVESTMENTS</u> CONTINUED

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

	1999				
	Unrestricted		estricte	d <u>Total</u>	
Interest income	\$ 46,399	\$	941	\$ 47,340	
Unrealized gains (loss) on investments Realized gains on sale of	(46,985)		-0-	(46,985)	
investments	103,902		-0-	103,902	

\$<u>941</u> \$<u>104,257</u> \$<u>103,316</u>

	1998		
	Unrestricted	Restricted	Total
Interest income Unrealized gains on investments Realized gains on sale of	\$ 41,802 63,208	\$ 3,620 -0-	\$ 45,422 63,208
investments	<u>138,784</u> \$ <u>243,794</u>	<u>-0-</u> \$ <u>3,620</u>	<u>138,784</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:

	<u> 1999 </u>	<u> 1998 </u>
Land	\$ 704,701	\$ 629,701
Buildings and building improvements	5,929,010	4,076,132
Vehicles	616,483	493,091
Furnishings and equipment	874,812	699,362
Property held under capital leases	69,455	-0-
	8,194,461	5,898,286
Less: Accumulated depreciation	(2,865,241)	<u>(2,544,860</u>)

<u>\$ 5,329,220</u>

\$3,353,426

Depreciation expense was \$297,526 and \$266,842 for the years ended June 30, 1999 and 1998.

NOTE 6 - <u>ENCUMBERED ASSETS</u>

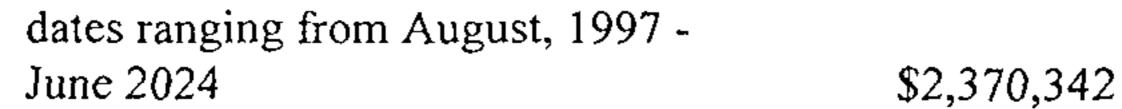
At June 30 amounts included in encumbered assets were as follows:

	<u> 1999 </u>	<u>1998</u>	
Cash and cash equivalents	\$ <u>61,514</u>	\$ <u>70,470</u>	

NOTE 7 - MORTGAGES AND NOTES PAYABLE

The following is a summary of mortgages and notes payable at June 30, 1999:

Mortgages payable to banks and HUD secured by land, buildings with interest rates ranging from 6.00% - 9.25%, payable in monthly installments ranging from \$827 - \$5,816, with maturity



NOTE 7 - MORTGAGES AND NOTES PAYABLE CONTINUED

Mortgages payable to a Foundation secured by land and buildings with an interest rate of 5.5% payable in annual installments ranging from \$803 - \$1,692 maturing February 2019

300,000

Notes payable to banks secured by vehicles with an interest rate of 8.75% payable in monthly installments of \$1,960 with a maturity date of June 2004

117,467

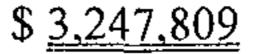
Advances under a line-of-credit with a	
variable interest rate, with no stated maturity	
date.	<u> 460,000 </u>
	3,247,809
Less: Current portion	<u>(796,486</u>)

\$<u>2,451,323</u>

Scheduled principle payments due on the above mortgages and notes subsequent to June 30, 1999 are as follows:

Year ended <u>June 30,</u>

2000	\$	796,486
2001		177,087
2002		599,548
2003		152,896
2004		162,700
Subsequent to 2004	_1	,359,092



Interest expense for the year ended June 30, 1999 was \$143,155.



NOTE 8 - <u>RELATED PARTY TRANSACTIONS</u>

VOA, Inc. provides administrative services to the Organization for a fee. These Administrative fees for the fiscal year ended June 30, 1999 totaled \$283,739.

Prior to July 1, 1993 VOA Housing Corporation managed the two complexes operated by CLC, Inc. and as of June 30, 1998, \$26,456 was included in other current liabilities for management fees due to VOA Housing Corporation.

NOTE 9 - <u>LEASES</u>

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

Organization leases vehicles under capital leases.

Minimum future rental payments under noncancellable operating leases having remaining terms in excess one year as of June 30, 1999 for each of the next five years and in the aggregate are as follows:

Year ended	
<u>June 30</u>	
2000	\$ 323,089
2001	240,089
2002	165,416
2003	63,463
2004	6,175
Subsequent to 2004	

\$<u>798.232</u>

Rental expense under the noncancellable operating leases for the year ended June 30, 1999 was \$328,616.

NOTE 9 - <u>LEASES</u> CONTINUED

The Organization has two capital leases for rental of vehicles. (See Note 5).

Minimum future lease payments under capital leases as of June 30, 1999 for each of the next five years and in the aggregate are:

Year ended June 30,

2000	\$ 16,175
2001	16,175
2002	16,175
2003	16,175

2004	<u>8,087</u>
Total minimum lease payments	72,787
Less: Amount representing interest	<u>(8,770</u>)

Present value of net minimum lease payment

\$ 64,017

NOTE 10 - PENSION PLAN FOR MINISTERS

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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 \$51,922 for the year ended June 30, 1999.

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.



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 \$104,790 to the plan for the year ended June 30, 1999.

NOTE 12 - INVESTMENT IN JOINT VENTURES

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.

Edgwater Ventures, LLC is a limited liability company duly organized and existing under the laws of the State of Louisiana established to acquire an office building in the Greater New Orleans area. VOA/GNO, Inc. has a 25% interest of Edgewater Ventures, Inc.

VOA/GNO's investment in joint ventures at June 30, is summarized as follows:

Investment in VOA Development	<u>1999</u> \$343,547	<u>1998</u> \$448,639
Investment in Edgewater Ventures, LLC	<u>200,000</u>	-0-
	\$543,547	\$ <u>448,639</u>

The Organization has guaranteed 25% of a \$2,640,000 bank loan of Edgewater Ventures, LLC in which the Organization holds a 25% interest. Additionally, under the terms of an agreement with Edgewater Ventures, LLC, the Organization is obligated to advance to Edgewater Ventures, LLC, capital contributions for working capital as determined by the Executive Committee of Edgewater Ventures, LLC. The additional capital contributions will be made in accordance with the Organization's percentage interest.

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

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

Grants Receivable, Net

The carrying amount of accounts approximates the fair value.

Accounts Payable and Bank Overdrafts

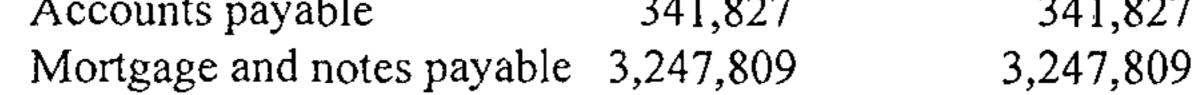
The carrying amounts have been determined to approximate the fair value.

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, 1999 are as follows:

	Carrying <u>Amounts</u>	Fair <u>Value</u>	
Financial Assets:			
Cash and equivalents	\$ 67,417	\$ 67,417	
Investments	1,613,950	1,613,950	
Notes receivable	18,720	18,720	
Financial Liabilities:			
Bank overdrafts	538,064	538,064	
A accurate neverble	2/1 027	241 027	



NOTE 14 - <u>CONTINGENCIES</u>

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 1999 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.

<u>Legal</u>

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 Organization has committed approximately \$25,000 toward its Year 2000 compliance efforts. The Organization has completed inspections of all major systems and identified those systems subject to Y2K compliance. Additionally, the Organization has in place a contingency plan to electronically back-up all critical data prior to December 31, 1999.

SUPPLEMENTARY INFORMATION

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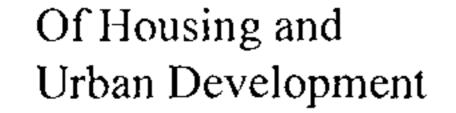
VOLUNTEERS OF AMERICA OF GREATER NEW ORLEANS, INC. SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 1999

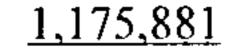
Federal Grantor/Program Title	Federal CFDA <u>Number</u>	Agency <u>Number</u>	<u>Activity</u>
U. S. Department of Housing and Urban Development			
Direct Awards: Section 202 Direct Loan	14.157	064-EH036- WHC-NP-L8	\$ 427,299
Section 8 Housing Assistance Payments	14.857	LA48-T791-012	2 100,388
Supportive Housing Program	14.235	LA48-B93-1074	4 546,740

Pass-through Awards:

Passed through UNITY for the Homeless-Housing Opportunities for Persons With AIDS	14.241	LA48-H98-043	33,586
Passed through UNITY for the Homeless-Housing Opportunities for Persons With AIDS	14.241	LA48-B96-1401	33,113
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)	34,755

Total U. S. Department





See Independent Auditors' Report on Supplementary Information. 28

VOLUNTEERS OF AMERICA OF GREATER NEW ORLEANS, INC. SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 1999

Federal Grantor/Program Title	Federal CFDA <u>Number</u>	Agency <u>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	\$ 258,935

Passed through New Orleans

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Council on Aging-Residential Repair and Renovation (Repairs-	_		
on-Wheels)	93.044	N/A	28,430
Passed through the State of Louisiana Department of Health and Hospitals-Office of Mental Health-Homeless Case Aides Services	93.150	538447	39,676
			,
Passed through the State of Louisiana Department of Health and Hospitals-Office of Mental Health-Supervised			
Apartments-Adult Services	93.958	532670	60,140

See Independent Auditors' Report on Supplementary Information.

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VOLUNTEERS OF AMERICA OF GREATER NEW ORLEANS, INC. SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 1999

<u>Federal Grantor/Program Title</u>	Federal CFDA <u>Number</u>	Agency <u>Number</u>	<u>Activity</u>
U. S. Department of Health and Human Services, Continued:			
Passed through State of Louisiana			
Department of Health and			
Hospitals-Office of Mental			
Health-Therapeutic Planned			
Recreation Respite Program	93.958	532650	30,880

Total U. S. Department of Health and Human Services

418,061

Total Federal Expenditures

\$<u>1,593,942</u>

The above schedule of expenditures of federal awards 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.

See Independent Auditors' Report on Supplementary Information.

VOLUNTEERS OF AMERICA OF GREATER NEW ORLEANS, INC.

		WITH SUMMARIZED	•	JUNE 30, 1999 INFORMATION	FOR JUNE 30, 1998	Ø			
SSETS	1	VOA/GNO, Inc.	CLC	- Inc.	Total	Eliminations		Consolidated 1999	ted 1998
ents of allowance for doubtful	Ś	45,464	б	21,953 \$	67,417	¢	6 О	67,417 \$	125,045
\$10,885 at June 30, 1999		1,546,200		1,101	1,547,301		0	1,547,301	1,329,591
SLC, Inc.		121,342		0	-	(121,34	নি	0	0
lnc.		5,109 18 720			5,109 18,720	(5,109) 0	6.0	18 720	0 302
		7,113		00	7,113			7,113	4,367
	ł	53,866		242	54,108			54,108	45,109
ets	ļ	1,797,814		23,296	1,821,110	(126,45	(]	1,694,659 \$	1,513,414
fing improvements id equipment on		6,051,088 1,559,029 (2,696,153)		582,623 1,721 (169,088)	6,633,711 1,560,750 (2,865,241)		000	6,633,711 1,560,750 (2,865,241)	4,705,834 1,192,452 (2,544,860)
s, net	Ι	4,913,964		415,256	5,329,220		0	5,329,220	3,353,426
		1,613,950		Ċ,	1,613,950		D	1,613,950	1,466,794
inc. ures		20,436 543,547 53,914		0 0 2,600	20,436 543,547 61,514	(20,436)		0 543,547 61,514	0 448,639 70,470
10		2,231,847		7,600	2,239,447	(20,436)	6	2,219,011	1,985,903
	ഗ	8,943,625	¢	446,152 \$	9,389,777	\$ (146,887)	<u>7</u> \$	9,242,890 \$	6,852,743

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See Independent Auditors' Report on Supplementary Information.

Cash and cash equivalents Grants receivable, net of al accounts of \$ -0- and \$10, and June 30, 1998, respe Accounts receivable - CLC, Inc. Note receivable - CLC, Inc. Notes receivable - other Prepaid expenses Other assets Land, building and building Vehicles, fumishings and e Accumulated depreciation AS Investments Note receivable - CLC, In Investment in joint ventur Total current asset Total fixed assets, Total other assets Encumbered assets Total assets Current assets: Other assets: Fixed assets:

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	VOLUN	UNTEERS OF AMERICA OF GI CONSOLIDATING STATEMENT JUNE 30, WITH SUMMARIZED INFORMA	AMERICA OF TING STATEMEI JUNE 3 ARIZED INFORM		NEW ORLE VCIAL POSITIC 30, 199	ANS, INC. 0N 98			•
						E time in a time i		Consolidated	ited
S AND NET ASSETS	5				10/41				02.01
DA/GNO, Inc. payable	69		\$ 121 3	3,350 3,350 121,342 0	0 0 7 4 0		69	538,064 \$ 341,827 0 796,486	431,756 431,756 105,419 0 348,519
GNO, Inc. gations under capital leases		16,175 759,899 94,158	33.6	5,109 0 3,950 27,793	5,109 16,175 763,849 121,951	(5,109) 0 0		0 16,175 763,849 121,951	0 673,999 139,023
bilities		2,543,259	161	161,544	2,704,803	(126,451)		2,578,352	1,698,716
payable NO, Inc. bligations under capital leases		2,024,024 0 47,842 7,407	427	27,299 20,436 0 0	2,451,323 20,436 47,842 7,407	(20,436)		2,451,323 0 47,842 7,407	1,068,300 0 7,407
lities		2,079,273 4,622,532	609	447,735 609,279	2,527,008 5,231,811	(146,887)		2,506,572 5,084,924	1,075,707 2,774,423
		4,294,226 26,867	(163	(163,127) 0	26	00		4,131,099 26,867	4,052,394 25,926
and net assets	\$	4,321,093 8,943,625	(163. \$ 446.	(163,127) 446,152 \$	4,157,966 9,389,777 \$	0 (146,887)	\$	4,157,966 9,242,890 \$	4,078,320 6,852,743

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See Independent Auditors' Report on Supplementary Information.

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Accounts payable Accounts payable - VOA/ Mortgages and notes pay Notes payable - VOA/GN/ Current portion of obligati Accrued expenses Other liabilities Mortgages and notes pay Note payable - VOA/GNO Long-term portion of oblig Other Total current liabil Total liabilities an Total other liabiliti LIABILITIES Permanently restricted Total net assets **Total liabilities Current liabilities:** Other liabilities: Bank overdrafts Unrestricted Net assets:

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VOLUNTEERS OF AMERICA OF GREATER NEW ORLEANS. INC

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	VOLUNTEERS OF CONS(FC WITH SUMMARIZED	RIZED INFORMAT	VOLUNTEERS OF AMERICA OF GREATEI CONSOLIDATING STATEMENT OF FOR THE YEAR ENDED JUNE WITH SUMMARIZED INFORMATION FOR THE YE	ER NEW OR OF ACTIVITIES VE 30, 1999 YEAR ENDED	LEANS, INC. JUNE 30, 1998		•
	VOA/GNO, Inc	, Inc.	CLC, Inc.	Total	Eliminations	Consolidated	dated 1998
VENUES							
ions:							
directly:							130 10
direct benefit cost 659 for the years ended 998. respectively		122.382	, D	122.382	" 	122,382	113,647
indirectly:							
•		137,171	0	137,171	0	137,171	123,506
ort	č	393,416	0	393,416	0	393,416	332,014
om governmental agencies		10,119,761	100,388	10,220,149	0	10,220,149	9,359,566
	ðí `	958,114 35,025	0 20 00	958,114 55 050	(6,086) (20,025)	952,028 35,025	784,566
	1,6(1,668,897	0	1,668,897	0	1,668,897	1,738,509
ues	2,6(2,662,036	20,025	2,682,061	(26,111)	2,655,950	2,600,150
senues	13, 1	13,175,213	120,413	13,295,626	(26,111)	13,269,515	12,291,730

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See Independent Auditors' Report on Supplementary Information.

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Total operating revenues Public support received dire Contributions Special events, net of dire of \$ 31,230 and \$27,659 June 30, 1999 and 1998, REVE Revenues from operation Public support received ir United Way Total public suppor Total other revenue Revenues and grants fror Program service fees Rental income Sales of materials, net Other revenue:

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VEW ORLEANS, INC. CTIVITIES 1999 R ENDED JUNE 30, 1998

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						Consolidated	
EXPENSES	7	VOA/GNO, Inc.	CLC, Inc.	Total	Ellminations	1999	1998
ŝ							
	¢	2,813,046 \$ 94.012		2,813,046 94.012	6) 6) 6)	2,813,046 \$	3,330,168 11.541
		264,79	117,812	မြို့	(26,111)	3,356,49	2,387,322
Developmental disability es		1,857,193 967,578	00	1,857,193 967,578	00	1,857,193 967,578	1,486,694 1.054,933
		82	0	85	0	675,85	633,460
aining services		78	O	8	O	229,	212,451
sement	ļ	1,549,812	0	1,549,812	0	1,549,	1,490,280
services		11,452,063	117,812	11,569,875	(26,111)	11,543,764	10,606,849
jeneral		1,532,785	0	1,532,785	0	1,532,785	1,409,695
ng services		1,532,785	0	1,532,785	0	1,532,785	1,409,695
		283,739	0	283,739	0	283,739	273,009
g expenses	1	13,268,587	117,812	13,386,399	(26,111)	13,360,288	12,289,553
ency) from operations	1	(93,374)	2,601	(90,773)	0	(90,773)	2,177

VOLUNTEERS OF AMERICA OF GREATER NE CONSOLIDATING STATEMENT OF ACT FOR THE YEAR ENDED JUNE 30, 1 WITH SUMMARIZED INFORMATION FOR THE YEAR E
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See Independent Auditors' Report on Supplementary Information.

Mental retardation/Deve Correctional services Elderly services Employment and training Community enhancemet НX Supporting services Management and gene Total program ser Total supporting s Excess (deficiency **Operating expenses:** Total operating Children and youth Substance abuse Program services: Administrative fee Mental health

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	VOLUN WITH SU	VOLUNTEERS OF AMERICA (CONSOLIDATING SI FOR THE YEAR WITH SUMMARIZED INFORMATIO	AMERICA OF GREATE DLIDATING STATEMENT O R THE YEAR ENDED JUNE INFORMATION FOR THE Y	ER NEW ORLEAN DF ACTIVITIES E 30, 1999 FEAR ENDED JUNE	ANS, INC. NE 30, 1998			• -
			·				Consolidated	
	Š	DA/GNO, Inc.	CLC, Inc.	Total	Eliminations		1999	1998
R GAINS (LOSSES)								
ns (losses):								
d income	¢.	47 056 \$	284 \$	47 340	¢	¢.	47 340 \$	45 422
stments	•			3,902		•		138,784
ets		11,475	0	4	0		11,475	0
s) on investments		(46,985) 54,687	00	(46,985) 54,687	00		(46,985) 54,687	63,208 87,843
rating gains (losses)		170,135	284	170,419	0		170,419	335,257
t scote		76 761	2 885	70 646	C		70 6 1 6	A2A 72A
			7 ,000		>			tot. 500
ng of year		4,244,332	(166,012)	4,078,320	0	!	4,078,320	3,740,886
ear	в	4,321,093 S	(163,127) \$	4,157,966	\$	Ś	4,157,966 \$	4,078,320

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See Independent Auditors' Report on Supplementary Information.

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Non-operating gains (lo Interest and dividend inc Gain on sale of investme Gain on sale of assets Unrealized gain (loss) on Other income Change in net as Total non-operati

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OTHER

Net assets, beginning o Net assets, end of year VOLUNTEERS OF AMERICA OF GREATER NEW ORLEANS SCHEDULE OF REVENUE AND EXPENSE BY PROGRAM (UNAUDITED) FOR THE YEAR ENDED JUNE 30, 1999

Organization Total	Supporting	Total Program Services	Children and Youth	Substance Abuse	Mentai Health	Retardation/ Developmental Disability	Correctional Services	Elderly Services	Employment Training Services	Community Enhancement
2,649,758	\$ 20.756 \$	\$ 2,629,002	204,809 \$	78,095 \$	217,496 \$	10,925	\$ 220,453 \$	22.455	\$ 177,378	1,697,391
287,473	62,192	225,281	144,901	Ð	1,294	347	4	78,138	587	0
10,220,149	0	10,220,149	2,686,046	o	3,653,251	2,144,273	1,029,780	642,607	64,192	0
138,882	102,655	36,227	2,987	22	6,168	2,833	5,408	1,350	354	17,105
6,501	6,501	0	O	0	0	0	0	0		0
13,302,763	192,104	13,110,659	3,038,743	78,117	3,878,209	2,158,378	1,255,655	744,550	242,511	1,714,496
137,171	Ð	137,171	73,560	o	0	0	0	63,611	0	
13,439,934	192,104	13,247,830	3,112,303	78,117	3,878,209	2,158,378	1,255,655	808,161	242,511	1,714,496
7,673,862	819,466	6,854,396	1,308,874	36,548	1,588,275	1,671,129	671,476	526,098	176,470	875,526
1,202,852	78,462	1,124,390	226.813	18,519	414,140	33,003	80,477	37,880	15,505	298,053
366,721	2,576	364,145	61,157	3,860	104,120	56,091	12,673	23,562	3,359	99,323
513,467	0	513,467	78,436	0	429,463	2,115	1,057	1,706	248	442
283,739	33,260	250,479	61,038	2,040	72,830	40,298	20,995	14,664	4,966	33,628
3,022,121	540,491	2,481,630	1,099,851	31,601	760,733	91,538	177,123	86,549	32,803	201,432
13,062,762	1,474,255	11,588,507	2,836,169	92,568	3,369,561	1,894,174	963,801	690,459	233,371	1,508,404
297,526	91,790	205,736	37,915	3,484	29,761	3.317	24,772		1,396	75,036
13,360,288	1,566,045	11,794,243	2,874,084	96,052	3,429,322	1,897,491	968,573	690,514	234,767	1,583,440
70 646	(1373941)	\$ 1.453.587 \$	238.219 \$	(17,935) \$	448.887 \$	260,887	\$ 267.082 \$	\$ 117,647	\$ 7,744	\$ 131,056

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See Independent Auditors' Report on Supplementary Info

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Total expenses before depreciation Travel and transportation expense Government grants and contracts Other direct program support Board generated self-support Board generated self support Client generated self-support Grand total expenses Grand total revenue United Way designations Compensation expenses United Way allocation Occupancy expenses Net difference Total revenue Specific assistance Other revenue Depreciation EXPENSES REVENUE

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

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

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, 1999, and have issued our report thereon dated October 8, 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.

<u>Compliance</u>

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*.

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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 (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. However, we noted other matters involving internal control over financial reporting that we have reported to management of the **Organization** in a separate letter dated October 8, 1999.

This report is intended solely for the information of the Board of Directors, management, the Legislative Auditor of the State of Louisiana and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

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BRUNO & TERVALON CERTIFIED PUBLIC ACCOUNTANTS

Bruno October 8, 1999 CERTIFIED PUBLIC ACCOUNTANTS

Bruno



ALCIDE J. TERVALON, JR., CPA WALDO J. MORET, JR., CPA

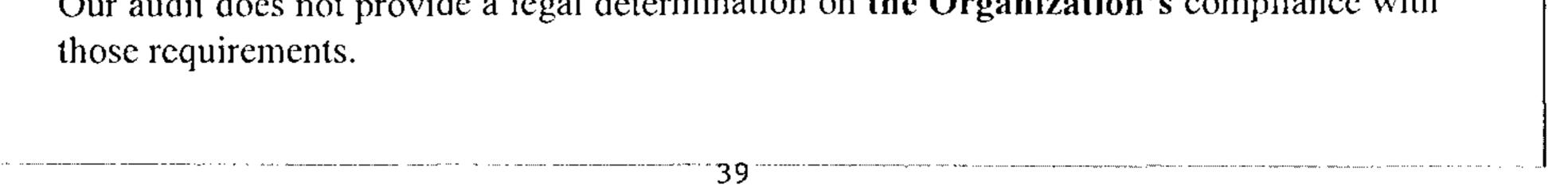
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Directors of **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, 1999. 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



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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 (CONTINUED)

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

In our opinion, Volunteers of America of Greater New Orleans, 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 **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.

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.

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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 (CONTINUED)

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

This report is intended solely for the information of the Board of Directors, management, the Legislative Auditor of the State of Louisiana and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

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October 8, 1999

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VOLUNTEERS OF AMERICA OF GREATER NEW ORLEANS, INC. SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 1999

Section I - Summary of Auditor's Results

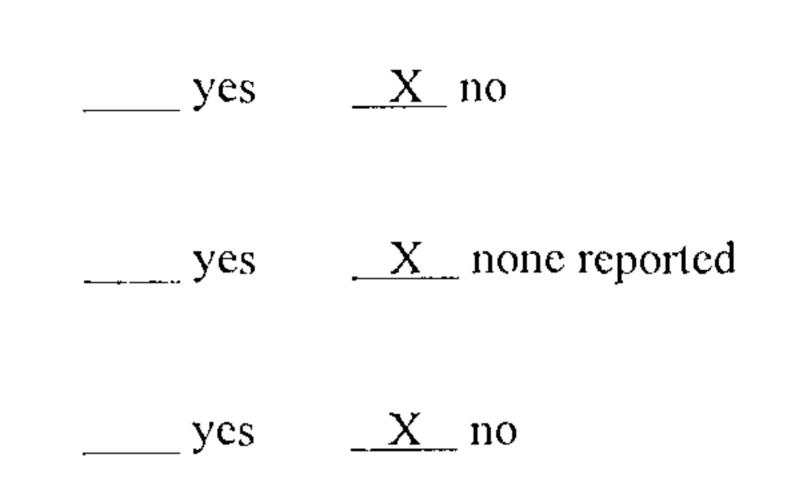
Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

o Material weakness(es) identified? o Reportable condition(s) identified that are not considered to be material weaknesses?

Noncompliance material to financial statements noted?



Federal Awards

Internal control over major programs:

o Material weakness(es) identified? o Reportable condition(s) identified that are not considered to be material weaknesses?

 \underline{X} no yes

> <u>X</u> none reported yes

Type of auditors' report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133

<u>X</u> no ___yes

Identification of major programs:

CFDA Number Name of Federal Program 14.157 Section 202 Direct Loan Program 14.235 Supportive Housing Program

42

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee: <u>X</u> no ____yes

VOLUNTEERS OF AMERICA OF GREATER NEW ORLEANS, INC. SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 1999

Section II - Financial Statement Findings

None reported.

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VOLUNTEERS OF AMERICA OF GREATER NEW ORLEANS, INC. SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 1999

Section III - Federal Award Findings and Questioned Cost

None reported.

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

	Status	
Fully	Partially	Not
Resolved	Resolved	Resolved

Financial Statement Findings

None reported.

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Federal Award Findings and Questioned Cost

- 98-01 Tenant Application, Eligibility and Re-certification
- 98-02 Rent Reasonableness

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98-03 HUD Form 40118, Grantee Annual Report X

Management Letter Comments

98-MLC-01 Conflict of Interest Statements

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

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.

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

Mr. Karl A. Lirette

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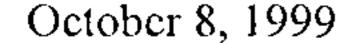
46

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

Partner Supervisor

Bring & Dervaloy

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Volunteers of America

Greater New Orleans Touching lives. Building community.

Chief Warren E. McDaniels Chair

October 27, 1999

Board of Directors	
Kurt Davis	
Thomas Dupaty	
Charles W. Fasterling	
Ernestine S. Gray	
Mary J. Koss	
Michelle O. Landrieu	Th
Alex L. Lewis, III	
John C. Martin	Th
Ruth R. McCusker	111
D. Richard Moore, Jr.	20

Responses to Independent Auditors' Comments to Management

The Year 2000 Issue:

The agency is continuing its efforts towards Year 2000 compliance. A Year 2000 Task Force was created earlier this year and it continues to take steps towards Year 2000 compliance.

James M. LeBlanc President/CEO

Sr. Marie Jeanne Mouledoux, RSM

Rubye E. Noble

Newell D. Normand

Leonard D. Simmons, Jr.

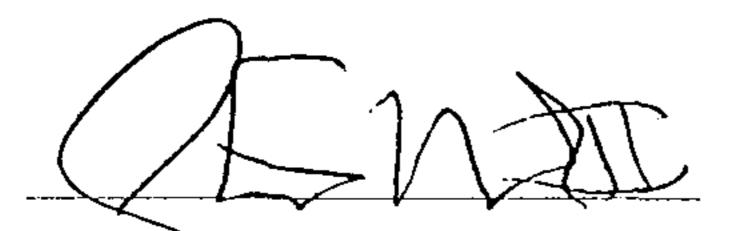
Fred W. Taul

Dr. Ralph Thayer

Oliver M.Thomas

Organizational Structure:

Staff are being cross-trained in all monthly accounting duties. Outside consultants have been engaged in staff training and in-house staff training is also being developed.



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Fréderic E. Drew, III Vice-President, Finance

Volunteers of America of Greater New Orleans 4152 Canal Street, New Orleans, Louisiana 70119, Tel: 504.482.2130, Fax: 504.482.1922 A United Way Agency

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INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT

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

In planning and performing our audit of the financial statements of Volunteers of America of Greater New Orleans, Inc. (the Organization) for the year ended June 30, 1999, we considered the Organization's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during our audit, we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. The following summarizes our comments and recommendations concerning those matters:

The Year 2000 Issue

The Year 2000 Issue results from the inability of a computer program to process year-date data accurately beyond the year 1999. Except in recently introduced year 2000 compliant programs, computer programs consistently have included abbreviated dates (that is, dates that excluded the first two digits of the year) with the assumption that those two digits would always be 19. Unless corrected, that shortcut may create widespread problems on January 1, 2000. On that date, some computer programs may recognize the date as January 1, 1900, and either process data incorrectly or stop processing it altogether.

The Year 2000 Issue may affect computer applications before January 1, 2000, when systems currently attempt to perform calculations into the year 2000. Furthermore, some computer programs use several dates in the year 1999 (such as 01/01/99, 09/09/99, and 12/31/99) to mean something other than the date. As systems process data using those dates, they may produce erratic results or stop functioning.

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INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT, CONTINUED

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

The Year 2000 Issue presents yet another challenge: the algorithm used in some computer programs for calculating leap years may be unable to detect that the year 2000 is a leap year. Therefore, systems that are not year 2000 compliant may produce incorrect results.

Recommendation

We recommend that the Organization continue its efforts toward Year 2000 compliance. If the Organization fails to take timely and appropriate action, it may experience costly and significant computer program failures, which could prevent it from performing its routine processing activities. Depending on the extent of system failures, noncompliance could be catastrophic for the Organization.

In addition, the Organization should continue to perform verification procedures to test the accuracy of information received from its vendors, service providers, bankers, customers, and other third-party entities with whom it exchanges date-dependent information to ensure that those entities also are year 2000 compliant. The Organization should satisfy itself that its operations or cash flows will not be affected by problems in those entities relating to the Year 2000 Issue.

Organizational Structure

The size of the Organization's accounting department necessitates that staff members perform a variety of duties. During the year ended June 30, 1999 the accounting department experienced turnover in certain key positions which resulted in delays in performing various monthly accounting functions (i.e. bank reconciliations, billings for monthly services rendered, etc.)

Recommendation

We recommend that all accounting department staff members be cross-trained in all monthly accounting duties to prevent delays in the performance of monthly accounting duties due to staff turnover, vacations, or other unforeseen absences.

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INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT, CONTINUED

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

This letter does not affect our report dated October 8, 1999 on the financial statements of the Organization. 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.

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BRUNO & TERVALON CERTIFIED PUBLIC ACCOUNTANTS

October 8, 1999

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