

OFFICIAL
FILE COPY

DO NOT SEND OUT

(Xerox necessary
copies from this
copy and PLACE
BACK in FILE)

RUTHERFORD HOUSE
SHREVEPORT, LOUISIANA

JUNE 30, 1999

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, 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 1-12-00

RECEIVED
LEGISLATIVE AUDITOR
1999 DEC 28 AM 10:52

RUTHERFORD HOUSE
SHREVEPORT, LOUISIANA

TABLE OF CONTENTS

AUDITED FINANCIAL STATEMENTS

	<u>Page</u>
Independent Auditor's Report	1
Statement of Financial Position	2
Statement of Activities	3-5
Statement of Cash Flows	6
Notes to Financial Statements	7-10

SUPPLEMENTARY INFORMATION

Schedule of Federal Awards	11
----------------------------	----

OTHER REPORTS

Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	12
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with <i>OMB Circular A-133</i>	13-14
Schedule of Findings and Questioned Costs	15
Schedule of Prior Year Findings	16

AUDITED FINANCIAL STATEMENTS

August 6, 1999

The Board of Directors
Rutherford House
Shreveport, Louisiana

Independent Auditor's Report

We have audited the accompanying statement of financial position of Rutherford House at June 30, 1999, and the related statements of activities and cash flows 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 *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 Rutherford House at June 30, 1999, and the results of its operations and 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 August 6, 1999 on our consideration of Rutherford House's internal control structure and on its compliance with laws and regulations.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of federal awards on Page 11 is presented for purposes of additional analysis 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.

Heard, McElroy + Vestal, LLP

RUTHERFORD HOUSE
STATEMENT OF FINANCIAL POSITION

JUNE 30, 1999

<u>A S S E T S</u>	<u>Rutherford House I</u>	<u>Rutherford House II</u>	<u>Rutherford House III</u>	<u>Rutherford House IV</u>
<u>Current assets:</u>				
Cash-Note 3	-	-	-	-
Investments-Notes 4 and 6	-	-	-	-
Accounts receivable-Note 7	28,936	36,669	28,853	28,997
Notes receivable-current portion-Note 11	-	-	-	-
Total current assets	<u>28,936</u>	<u>36,669</u>	<u>28,853</u>	<u>28,997</u>
 <u>Book value of fixed assets-Notes 5 and 6</u>	 -	 -	 -	 -
 Notes receivable-long-term portion-Note 11	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>
 Total assets	 <u><u>28,936</u></u>	 <u><u>36,669</u></u>	 <u><u>28,853</u></u>	 <u><u>28,997</u></u>
 <u>LIABILITIES AND NET ASSETS</u>				
<u>Current liabilities:</u>				
Accounts payable	-	-	-	-
Notes payable-current portion-Note 6	-	-	-	-
Other current liabilities	-	-	-	-
Total current liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 <u>Long-term liabilities:</u>				
Notes payable less portion classified as current-Note 6	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>
Total liabilities	 -	 -	 -	 -
 <u>Net assets:</u>				
Unrestricted	 <u>28,936</u>	 <u>36,669</u>	 <u>28,853</u>	 <u>28,997</u>
	<u>28,936</u>	<u>36,669</u>	<u>28,853</u>	<u>28,997</u>
 Total liabilities and net assets	 <u><u>28,936</u></u>	 <u><u>36,669</u></u>	 <u><u>28,853</u></u>	 <u><u>28,997</u></u>

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

<u>Rutherford House V</u>	<u>Office and School</u>	<u>Truancy Center</u>	<u>Curfew Program</u>	<u>Fixed Assets</u>	<u>Foster Care</u>	<u>Total</u>
-	115,748	-	-	-	-	115,748
-	150,545	-	-	-	-	150,545
27,951	51,641	4,858	-	-	-	207,905
-	1,818	-	-	-	-	1,818
<u>27,951</u>	<u>319,752</u>	<u>4,858</u>	-	-	-	<u>476,016</u>
-	-	-	-	889,578	-	889,578
-	14,195	-	-	-	-	14,195
<u>27,951</u>	<u>333,947</u>	<u>4,858</u>	-	<u>889,578</u>	-	<u>1,379,789</u>
-	44,489	-	-	-	-	44,489
-	-	-	-	24,455	-	24,455
-	13,646	-	-	248	-	13,894
-	58,135	-	-	24,703	-	82,838
-	-	-	-	2,708	-	2,708
-	58,135	-	-	27,411	-	85,546
<u>27,951</u>	<u>275,812</u>	<u>4,858</u>	-	<u>862,167</u>	-	<u>1,294,243</u>
<u>27,951</u>	<u>275,812</u>	<u>4,858</u>	-	<u>862,167</u>	-	<u>1,294,243</u>
<u>27,951</u>	<u>333,947</u>	<u>4,858</u>	-	<u>889,578</u>	-	<u>1,379,789</u>

RUTHERFORD HOUSE

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 1999

	<u>Rutherford House I</u>	<u>Rutherford House II</u>	<u>Rutherford House III</u>	<u>Rutherford House IV</u>
<u>Public support and revenue:</u>				
Public support:				
Contributions-Notes 8 and 9	-	-	-	-
Government grants:				
Louisiana Department of Corrections	374,625	409,322	346,317	318,058
Office of Community Services	-	-	-	-
Louisiana Commission on Law Enforcement	-	-	-	-
Louisiana Department of Education	-	-	-	-
City of Shreveport	-	-	-	-
Caddo Parish School Board	-	-	-	-
Total public support	<u>374,625</u>	<u>409,322</u>	<u>346,317</u>	<u>318,058</u>
Revenue:				
Investments-Note 4	-	-	-	-
Fund-raising, net of \$2,217 in expenses	-	-	-	-
Other	-	-	-	-
Total public support and revenue	<u>374,625</u>	<u>409,322</u>	<u>346,317</u>	<u>318,058</u>
<u>Expenses:</u>				
Salaries:				
Administrator	-	-	-	-
Administrative assistant	-	-	-	-
Program directors	21,826	23,094	25,892	16,716
Childcare workers	29,349	50,455	48,364	49,992
Relief staff	330	2,836	1,285	1,982
Office manager	-	-	-	-
Secretaries	-	-	-	-
Counselors	63,963	38,118	68,417	15,279
Cooks	-	-	-	-
Magazine editor	-	-	-	-
Maintenance personnel	-	-	-	-
JTPA supervisor	-	-	-	-
Bonuses	2,675	3,575	2,775	525
Instructors	-	-	-	-

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

<u>Rutherford House V</u>	<u>Office and School</u>	<u>Curfew Program</u>	<u>Truancy Center</u>	<u>Fixed Assets</u>	<u>Total</u>
-	111,310	-	-	-	111,310
-	-	-	-	-	1,448,322
382,093	54,800	-	-	-	436,893
-	108,135	-	-	-	108,135
-	67,850	-	-	-	67,850
-	133,981	58,717	26,179	-	218,877
-	33,757	-	-	-	33,757
<u>382,093</u>	<u>509,833</u>	<u>58,717</u>	<u>26,179</u>	<u>-</u>	<u>2,425,144</u>
-	7,942	-	-	-	7,942
-	19,865	-	-	-	19,865
-	18,060	-	-	-	18,060
<u>382,093</u>	<u>555,700</u>	<u>58,717</u>	<u>26,179</u>	<u>-</u>	<u>2,471,011</u>
-	64,550	-	-	-	64,550
-	20,949	-	-	-	20,949
27,384	26,682	19,402	14,164	-	175,160
75,957	117,021	26,398	-	-	397,536
1,114	206	242	-	-	7,995
-	35,418	-	-	-	35,418
-	112,438	-	-	-	112,438
72,118	82,486	-	8,750	-	349,131
-	68,592	-	-	-	68,592
-	9,000	-	-	-	9,000
-	46,124	-	-	-	46,124
-	1,476	-	-	-	1,476
4,075	27,975	750	75	-	42,425
-	23,151	-	-	-	23,151

RUTHERFORD HOUSE

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 1999

	<u>Rutherford House I</u>	<u>Rutherford House II</u>	<u>Rutherford House III</u>	<u>Rutherford House IV</u>
<u>Expenses: (Continued)</u>				
Fringe benefits	-	-	-	-
Travel	-	-	-	-
Utilities	5,156	5,862	6,886	7,171
Telephone	-	-	-	-
Vehicle expense	805	3,093	807	3,201
Insurance	-	-	-	-
Supplies:				
Office	-	-	-	-
Kitchen	354	140	343	570
School	-	-	-	-
Health and hygiene	17	1,044	23	-
Therapeutic	-	-	-	-
Medical	96	512	156	121
Cleaning	42	66	41	129
Bed linens	1,309	756	582	351
Food	7,238	7,387	7,127	6,035
Donated	-	-	-	-
Maintenance	2,634	1,796	885	1,225
Uniforms	-	-	-	-
Recreation	138	92	52	216
Repairs and maintenance	316	740	325	1,622
Contractual services	548	1,079	1,005	315
Shop expense	-	-	-	-
Personnel training	-	-	-	-
Recreation	33	162	129	808
Medical treatment	73	260	176	790
Clothes replacement	457	541	(19)	93
Allowances	4,561	4,564	4,564	4,604
Interest	-	-	-	-
Pest control	322	300	300	300
Donated services	-	-	-	-
Newsletter	-	-	-	-
Waste removal	354	-	-	612
Taxes	-	-	-	-
Work study	1,206	1,113	846	450
Licensing and certification fee	300	500	500	300
Hair styling	1,425	1,826	1,402	1,016
Postage	-	-	-	-
Job development	-	-	-	-

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

<u>Rutherford House V</u>	<u>Office and School</u>	<u>Curfew Program</u>	<u>Truancy Center</u>	<u>Fixed Assets</u>	<u>Total</u>
-	135,410	-	-	-	135,410
-	1,925	-	98	-	2,023
4,620	34,507	-	-	-	64,202
-	14,940	-	216	-	15,156
3,451	31,831	-	-	-	43,188
-	35,907	-	-	-	35,907
-	18,714	-	180	-	18,894
310	25,568	-	-	-	27,285
-	7,567	-	-	-	7,567
30	9,183	-	-	-	10,297
-	2,954	-	-	-	2,954
388	3,437	-	-	-	4,710
16	22,087	-	34	-	22,415
510	1,293	-	-	-	4,801
5,937	129,742	-	-	-	163,466
-	7,528	-	-	-	7,528
1,529	20,954	-	298	-	29,321
-	380	-	-	-	380
295	5,517	-	-	-	6,310
612	11,531	-	-	-	15,146
2,353	13,221	-	460	-	18,981
-	8,341	-	-	-	8,341
-	1,986	-	-	-	1,986
213	2,000	-	-	-	3,345
1,529	3,192	-	20	-	6,040
4,415	12,202	-	-	-	17,689
4,515	-	-	-	-	22,808
-	3,898	-	-	-	3,898
300	530	-	-	-	2,052
-	55,638	-	-	-	55,638
-	11,726	-	-	-	11,726
-	3,657	-	-	-	4,623
-	112,417	-	-	-	112,417
589	(294)	-	-	-	3,910
500	50	-	-	-	2,150
1,067	117	-	-	-	6,853
-	2,573	-	-	-	2,573
-	1,047	-	-	-	1,047

RUTHERFORD HOUSE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 1999

	<u>Rutherford House I</u>	<u>Rutherford House II</u>	<u>Rutherford House III</u>	<u>Rutherford House IV</u>
<u>Other expenses:</u>				
Director's expense	-	-	-	-
Depreciation	-	-	-	-
Accounting and legal fees	-	-	-	-
Nonreimbursable expenses	-	-	-	-
Total expenses	<u>145,527</u>	<u>149,911</u>	<u>172,863</u>	<u>114,423</u>
 <u>Change in net assets</u>	 229,098	 259,411	 173,454	 203,635
 <u>Net assets-beginning of year</u>	 26,762	 33,725	 29,442	 26,762
<u>Transfers:</u>				
Purchase of fixed assets	(8,477)	(4,599)	(8,388)	(7,465)
Other	<u>(218,447)</u>	<u>(251,868)</u>	<u>(165,655)</u>	<u>(193,935)</u>
	<u>(226,924)</u>	<u>(256,467)</u>	<u>(174,043)</u>	<u>(201,400)</u>
 <u>Net assets-end of year</u>	 <u>28,936</u>	 <u>36,669</u>	 <u>28,853</u>	 <u>28,997</u>

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

<u>Rutherford House V</u>	<u>Office and School</u>	<u>Curfew Program</u>	<u>Truancy Center</u>	<u>Fixed Assets</u>	<u>Total</u>
-	566	-	-	-	566
-	-	-	-	136,020	136,020
-	14,936	-	-	-	14,936
-	2,957	-	-	-	2,957
<u>213,827</u>	<u>1,407,803</u>	<u>46,792</u>	<u>24,295</u>	<u>136,020</u>	<u>2,411,461</u>
168,266	(852,103)	11,925	1,884	(136,020)	59,550
37,418	262,043	16,680	-	801,861	1,234,693
(1,849)	(142,655)	-	(466)	173,899	-
<u>(175,884)</u>	<u>1,008,527</u>	<u>(28,605)</u>	<u>3,440</u>	<u>22,427</u>	<u>-</u>
<u>(177,733)</u>	<u>865,872</u>	<u>(28,605)</u>	<u>2,974</u>	<u>196,326</u>	<u>1,234,693</u>
<u>27,951</u>	<u>275,812</u>	<u>-</u>	<u>4,858</u>	<u>862,167</u>	<u>1,294,243</u>

RUTHERFORD HOUSE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 1999

	<u>Rutherford House I</u>	<u>Rutherford House II</u>	<u>Rutherford House III</u>	<u>Rutherford House IV</u>
<u>Cash flows from operating activities:</u>				
Change in net assets	229,098	259,411	173,454	203,635
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:				
Depreciation	-	-	-	-
(Increase) decrease in accounts receivable	(3,757)	(4,527)	(994)	(3,818)
Decrease in prepaid expenses	1,583	1,583	1,583	1,583
(Decrease) in accounts payable	-	-	-	-
(Decrease) in other current liabilities	-	-	-	-
Total adjustments	<u>(2,174)</u>	<u>(2,944)</u>	<u>589</u>	<u>(2,235)</u>
Net cash provided (used) by operating activities	226,924	256,467	174,043	201,400
<u>Cash flows from investing activities:</u>				
Decrease in notes receivable	-	-	-	-
Purchase of fixed assets	-	-	-	-
Net purchases of investments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net cash provided (used) by investing activities	-	-	-	-
<u>Cash flows from financing activities:</u>				
Repayment of notes payable	-	-	-	-
Borrowings	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net cash (used) by financing activities	-	-	-	-
<u>Transfers</u>	<u>(226,924)</u>	<u>(256,467)</u>	<u>(174,043)</u>	<u>(201,400)</u>
<u>Net increase in cash and cash equivalents</u>	-	-	-	-
<u>Cash and cash equivalents at beginning of year</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Cash and cash equivalents at end of year</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Supplemental disclosures:</u>				
Interest paid	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

<u>Rutherford House V</u>	<u>Office and School</u>	<u>Curfew Program</u>	<u>Truancy Center</u>	<u>Fixed Assets</u>	<u>Total</u>
168,266	(852,103)	11,925	1,884	(136,020)	59,550
-	-	-	-	136,020	136,020
7,884	59,317	15,100	(4,858)	-	64,347
1,583	1,583	1,580	-	-	11,078
-	(68,599)	-	-	-	(68,599)
-	(93)	-	-	-	(93)
<u>9,467</u>	<u>(7,792)</u>	<u>16,680</u>	<u>(4,858)</u>	<u>136,020</u>	<u>142,753</u>
177,733	(859,895)	28,605	(2,974)	-	202,303
-	1,760	-	-	-	1,760
-	-	-	-	(173,899)	(173,899)
-	(3,973)	-	-	-	(3,973)
-	(2,213)	-	-	(173,899)	(176,112)
-	-	-	-	(33,461)	(33,461)
-	-	-	-	11,034	11,034
-	-	-	-	(22,427)	(22,427)
<u>(177,733)</u>	<u>865,872</u>	<u>(28,605)</u>	<u>2,974</u>	<u>196,326</u>	<u>-</u>
-	3,764	-	-	-	3,764
-	111,984	-	-	-	111,984
-	115,748	-	-	-	115,748
-	-	-	-	3,898	3,898

RUTHERFORD HOUSE

NOTES TO FINANCIAL STATEMENTS

AT JUNE 30, 1999

1. Nature of Business.

For the year ending June 30, 1999, five homes, four for boys and one for girls, were operated for delinquent adolescents. These individuals are usually placed in the home by juvenile courts. Rutherford House also operates a schooling program for the adolescents. Rutherford House receives substantially all of its income from state and local government grants, generally under third-party reimbursement plans, and is a not for profit entity exempt from federal income taxation under Internal Revenue Code Section 501(c)(3).

2. Summary of Significant Accounting Policies.

a) Financial Statement Presentation:

As a not-for-profit entity, Rutherford House is required to report information regarding its financial position and activities based on the absence or existence of donor-imposed restrictions. Accordingly, net assets of Rutherford House and changes therein may be classified and reported as follows:

Unrestricted net assets-Net assets that are not subject to donor-imposed stipulations. Some unrestricted net assets may be designated by the Board for specific purposes.

Temporarily restricted net assets-Net assets subject to donor-imposed stipulations that may or will be met by actions of Rutherford House, and/or by the passage of time.

Permanently restricted net assets-Net assets subject to donor-imposed stipulations that they be maintained permanently by Rutherford House. Generally, donors permit all or part of the income earned on these assets to be used for general or specific purposes.

There were no significant temporarily or permanently restricted net assets at June 30, 1999, other than as disclosed in Note 9.

b) Contributions:

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor-imposed restrictions. 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.

c) Promises to Give:

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Rutherford House uses the allowance method to determine uncollectible unconditional promises receivable, when material. The allowance is based on prior years' experience and management's analysis of specific promises made.

2. Summary of Significant Accounting Policies. (Continued)

d) 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.

e) Fixed Assets:

Property and equipment are stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the following estimated useful lives:

<u>Asset</u>	<u>Estimated Life</u>
Furniture, fixtures, and equipment	5-10 years
House improvements	10-20 years
Buildings	20 years

Donated property and equipment are reported at their estimated fair market value at the date of gift. All expenditures for fixed assets in excess of \$250 are capitalized.

f) Cash Equivalents:

For purposes of the statement of cash flows, Rutherford House considers all cash on hand and demand deposits with banks to be cash equivalents.

g) Advertising Costs:

Costs of advertising are expensed as incurred.

3. Cash.

Rutherford House holds approximately \$12,000 at June 30, 1999, in various interest-bearing accounts on behalf of individual adolescents. These monies have been earned by them in various fund-raising activities, and are not included in the accounts of Rutherford House.

4. Investments.

Investments are summarized as follows at June 30, 1999:

	<u>Cost</u>	<u>Market Value</u>
U.S. Treasury, Money Market Funds	104,545	104,545
Certificate of Deposit, 4.15%	35,000	35,000
Certificate of Deposit, 4.15%	<u>11,000</u>	<u>11,000</u>
	<u>150,545</u>	<u>150,545</u>

5. Fixed Assets.

The book value of fixed assets consists of:

	<u>Cost or Donated Value</u>
Land	84,760
Rutherford House I and improvements	103,327
Rutherford House II and improvements	217,044

5. Fixed Assets.

	<u>Cost or Donated Value</u>
Rutherford House III and improvements	123,273
Rutherford House IV and improvements	97,752
Rutherford House V and improvements	46,251
Auto garage improvements	1,232
Furniture and fixtures	406,284
Vehicles	157,119
Shop building	120,000
Shop improvements	215,222
Shop equipment	61,811
School equipment	107,026
Office and school, building and improvements	499,399
Foster care equipment	11,222
DOC After Care Assistance equipment	39,539
Laundry/Book Store building	<u>62,650</u>
 Total cost or donated value	 2,353,911
 <u>Less-accumulated depreciation</u>	 <u>(1,464,333)</u>
 Book value of fixed assets	 <u>889,578</u>

Included in land above are donated lots valued in total at \$7,000, held by Rutherford House for investment.

6. Notes Payable.

The notes payable are as follows:

<u>Creditor</u>	<u>Terms</u>	<u>Amount</u>
Hibernia National Bank	7.00%, due on demand or if no demand is made \$403 per month including interest; maturing March 2001; secured by \$11,000 certificate of deposit	7,724
Bank One	8.25%, \$2,420 per month including interest; maturing November 1999; secured by Admin- istration and School Building with improve- ments, and Rutherford House IV, with an approximate book value of \$96,000	13,869
Stuart's, Inc.	8.97%, \$350 per month including interest; maturing February 2001; secured by copier	<u>5,570</u>
		27,163
 <u>Less-portion classified as current</u>		 <u>24,455</u>
 Long-term notes payable		 <u>2,708</u>

6. Notes Payable. (Continued)

Maturities for the next five years are as follows:

2000	24,455
2001	2,708
2002	-
2003	-
2004	-
Total	<u>27,163</u>

7. Receivables.

Receivables are summarized by source as follows:

State of Louisiana	178,893
Caddo Parish School Board	6,097
City of Shreveport	18,840
Other	<u>4,075</u>
Total	<u>207,905</u>

8. Contributed Services.

Contributed services include approximately \$50,000 of time provided, substantially all by the resident youth of the homes, to repair, maintain and otherwise enhance the physical facilities of Rutherford House.

9. Temporarily Restricted Contributions.

Rutherford House received approximately \$13,000 in contributions with use restrictions for equipment for the vocational technical center. This equipment was acquired in the current year, and such restrictions were met.

10. Conditional Promises.

Conditional promises consist of the unfunded portions of approved governmental awards, either currently in effect or approved for commencement after June 30, 1999. Future funding of such awards is conditioned upon Rutherford House's operation of certain programs, incurrence of certain costs, and meeting certain matching requirements. Because such awards represent conditional promises to Rutherford House, they have not been recognized in the financial statements at June 30, 1999. Such conditional promises amounted to approximately \$4,700,000 at June 30, 1999.

11. Notes Receivable.

Rutherford House sold certain real estate to two employees during 1997, and financed the sale. The notes have a term of ten years at four percent, and are secured by the real estate sold.

SUPPLEMENTARY INFORMATION

RUTHERFORD HOUSE

SCHEDULE 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>Program or Award Amount</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>
<u>U.S. Department of Agriculture</u> Passed through Louisiana Department of Education:				
School Food Service Program	10.555	67,850	67,850	67,850
Donated Food Commodities	10.555	2,906	<u>2,906</u>	<u>2,906</u>
			70,756	70,756
<u>U.S. Department of Labor</u> Passed through City of Shreveport:				
Job Training Partnership Act	17.250		<u>113,982</u>	<u>113,982</u>
Total major programs			184,738	184,738
<u>U.S. Department of Education</u> Passed through Caddo Parish School Board:				
Chapter I Program	84.010	19,500	19,500	19,500
<u>U.S. Department of Justice</u> Passed through Louisiana Commission on Law Enforcement:				
Juvenile Justice and Delinquency Prevention	16.540		51,552	51,552
Crime Victim Assistance	16.575		<u>50,186</u>	<u>50,186</u>
Total Federal Awards			<u>305,976</u>	<u>305,976</u>

OTHER REPORTS

August 6, 1999

The Board of Directors
Rutherford House
Shreveport, Louisiana

Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

We have audited the financial statements of Rutherford House as of and for the year ended June 30, 1999, and have issued our report thereon dated August 6, 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 Rutherford House'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 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*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Rutherford House'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 internal control over financial reporting would not necessarily disclose all matters in 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 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, and is not intended to be and should not be used by anyone other than these specified parties.

Heard, McElroy & Vestal, LLP

HMV

A PROFESSIONAL SERVICES FIRM
SHREVEPORT • BOSSIER CITY

hmv@hmvcpa.com E-MAIL
www.hmvcpa.com WEB ADDRESS

August 6, 1999

The Board of Directors
Rutherford House
Shreveport, Louisiana

Report on Compliance with Requirements Applicable to Each
Major Program and Internal Control Over Compliance in
Accordance with OMB Circular A-133

Compliance

We have audited the compliance of Rutherford House 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 House'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 the House's management. Our responsibility is to express an opinion on the House'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 House'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 House's compliance with those requirements.

In our opinion, Rutherford House 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 Rutherford House 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 House'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 and use of the audit committee, management, others within the organization, 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.

Heard, McElroy + Vestal, LLP

RUTHERFORD HOUSE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 1999

A. Summary of Audit Results

1. The auditor's report expresses an unqualified opinion on the financial statements of Rutherford House.
2. No reportable conditions relating to the audit of the financial statements are reported.
3. No instances of noncompliance material to the financial statements of Rutherford House were disclosed during the audit.
4. No reportable conditions relating to the audit of major federal award programs are reported.
5. The auditor's report on compliance for major federal award programs for Rutherford House expresses an unqualified opinion.
6. There are no audit findings relative to major federal award programs for Rutherford House.
7. The programs tested as major programs included:

<u>Program</u>	<u>CFDA No.</u>
School Food Service Program	10.555
Donated Food Commodities	10.555
Job Training Partnership Act	17.250

8. The threshold for distinguishing Types A and B programs was \$300,000.
9. Rutherford House was determined to not be a low-risk auditee.

B. Findings - Financial Statement Audit

None

C. Findings and Questioned Costs - Major Federal Award Programs

None

RUTHERFORD HOUSE
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 1999

The audit of Rutherford House for the year ended June 30, 1998 disclosed no findings.