

OFFICIAL  
FULL COPY  
DO NOT SIGN OUT  
Where necessary  
copies from this  
copy and PLACE  
BACK IN FILE

RECEIVED  
LEGISLATIVE AUDITOR  
2000 JUN 30 PM 3:25

Professional Rehabilitation Services, Inc.  
Baton Rouge, Louisiana

*Financial Statements  
and Supplementary Information*

Years Ended December 31, 1999 and 1998

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

JUL 19 2000

Release Date \_\_\_\_\_

Johnston & Hayden, LLC  
CERTIFIED PUBLIC ACCOUNTANTS

## CONTENTS

|   | <u>Page</u> |
|---|-------------|
| Independent Auditors' Report                    | 3           |
| Balance Sheets                                  | 4           |
| Statements of Operations and Retained Earnings  | 5           |
| Statements of Cash Flows                        | 6           |
| Notes to the Financial Statements               | 7 - 12      |
| Auditors' Report on Internal Control            | 13 - 14     |
| Auditors' Report on Compliance                  | 15          |
| Supplementary Information:                      |             |
| Schedule I - Schedules of Operating Expenses    | 17          |
| Schedule II - Schedules of Other Income/Expense | 18          |

Johnston & Hayden, LLC  
CERTIFIED PUBLIC ACCOUNTANTS

13360 Coursey Boulevard, Suite A  
Baton Rouge, Louisiana 70816

TELEPHONE (225) 755-0300  
TOLL FREE 800-755-7869  
FAX (225) 755-0303

MEMBERS OF:  
AMERICAN INSTITUTE  
AND SOCIETY OF LOUISIANA  
CERTIFIED PUBLIC ACCOUNTANTS

MICHAEL D. JOHNSTON, CPA (P.C.)  
RICHARD E. HAYDEN, CPA (P.C.)  
WILLIAM D. MERCER, CPA

INDEPENDENT AUDITORS' REPORT

To the Shareholders  
Professional Rehabilitation Services, Inc.  
Baton Rouge, Louisiana

We have audited the accompanying balance sheets of Professional Rehabilitation Services, Inc., as of December 31, 1999 and 1998, and the related statements of operations and retained earnings, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatements. 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 audits provide 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 Professional Rehabilitation Services, Inc., as of December 31, 1999 and 1998, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Supplementary Schedules I and II is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the basic financial statements, and, accordingly, we express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued a report on our consideration of the Company's internal control structure dated June 26, 2000, and a report on its compliance with laws and regulations dated June 26, 2000.

June 26, 2000



PROFESSIONAL REHABILITATION SERVICES, INC.  
Baton Rouge, Louisiana

BALANCE SHEETS

December 31,

---

|                                | <u>1999</u>              | <u>1998</u>              |
|--------------------------------|--------------------------|--------------------------|
| <b><u>ASSETS</u></b>           |                          |                          |
| <b>CURRENT:</b>                |                          |                          |
| Cash and cash equivalents      | \$ 624                   | \$ 12,113                |
| Accounts receivable            | <u>134,782</u>           | <u>98,684</u>            |
| Total Current Assets           | <u>135,406</u>           | <u>110,797</u>           |
| <b>PROPERTY AND EQUIPMENT:</b> |                          |                          |
| Depreciable assets             | 21,964                   | 21,964                   |
| Less accumulated depreciation  | <u>15,402</u>            | <u>12,533</u>            |
| Net Property and Equipment     | <u>6,562</u>             | <u>9,431</u>             |
| <b>OTHER:</b>                  |                          |                          |
| Due from affiliates            | 34,885                   | -                        |
| Deferred income taxes          | 30,136                   | 31,753                   |
| Deposits                       | <u>500</u>               | <u>500</u>               |
| Total Other Assets             | <u>65,521</u>            | <u>32,253</u>            |
| <br>                           |                          |                          |
| <b>TOTAL ASSETS</b>            | <b>\$ <u>207,489</u></b> | <b>\$ <u>152,481</u></b> |

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

|   | <u>1999</u>        | <u>1998</u>        |
|---|--------------------|--------------------|
| <u>LIABILITIES</u>                                    |                    |                    |
| CURRENT:  |                    |                    |
| Accounts payable                                      | \$ 265,182         | \$ 23,297          |
| Payroll taxes payable                                 | -                  | 3,275              |
| Current portion of long-term debt                     | <u>4,661</u>       | <u>20,234</u>      |
| Total Current Liabilities                             | <u>269,843</u>     | <u>46,806</u>      |
| LONG-TERM:  |                    |                    |
| Notes payable, less current portion                   | <u>43,327</u>      | <u>55,107</u>      |
| OTHER:  |                    |                    |
| Due to affiliates                                     | <u>-</u>           | <u>163,153</u>     |
| <b>TOTAL LIABILITIES</b>                              | <u>313,170</u>     | <u>265,066</u>     |
| <u>STOCKHOLDERS' EQUITY</u>                           |                    |                    |
| Retained earnings (deficit)                           | ( <u>105,681</u> ) | ( <u>112,585</u> ) |
| <b>TOTAL LIABILITIES<br/>AND STOCKHOLDERS' EQUITY</b> | <u>\$ 207,489</u>  | <u>\$ 152,481</u>  |

PROFESSIONAL REHABILITATION SERVICES, INC.  
Baton Rouge, Louisiana

STATEMENTS OF OPERATIONS AND RETAINED EARNINGS

Years Ended December 31,

|   | <u>1999</u>          | <u>1998</u>          |
|---|----------------------|----------------------|
| REVENUES  | \$ 132,373           | \$ 301,589           |
| OPERATING EXPENSES  | <u>162,131</u>       | <u>263,014</u>       |
| Net profit (loss) from operations   | ( 29,758)            | 38,575               |
| OTHER INCOME (EXPENSE)  | <u>38,279</u>        | <u>29,800</u>        |
| Net income before taxes   | 8,521                | 68,375               |
| INCOME TAX EXPENSE  | <u>1,617</u>         | <u>5,350</u>         |
| Net Income  | 6,904                | 63,025               |
| RETAINED EARNINGS (DEFICIT),<br>beginning of year, as restated (see Note J) | ( <u>112,585</u> )   | ( <u>175,610</u> )   |
| RETAINED EARNINGS (DEFICIT), end of year                                    | \$( <u>105,681</u> ) | \$( <u>112,585</u> ) |

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

PROFESSIONAL REHABILITATION SERVICES, INC.  
Baton Rouge, Louisiana

STATEMENTS OF CASH FLOWS

Years Ended December 31,

|   | <u>1999</u>          | <u>1998</u>             |
|---|----------------------|-------------------------|
| <b>CASH FLOW FROM OPERATING ACTIVITIES:</b>                                       |                      |                         |
| Net income  | \$ 6,904             | \$ 63,025               |
| Adjustments to reconcile net income to net cash provided by operating activities: |                      |                         |
| Depreciation  | 2,870                | 2,870                   |
| Deferred income taxes   | 1,617                | 5,350                   |
| (Increase) decrease in:   |                      |                         |
| Accounts receivable   | ( 36,098)            | 13,756                  |
| Increase (decrease) in:   |                      |                         |
| Accounts payable  | 241,883              | ( 58,435)               |
| Other current liabilities   | ( 3,274)             | ( 527)                  |
| Net cash provided by operating activities   | <u>213,902</u>       | <u>26,039</u>           |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>                                      |                      |                         |
| Reduction of outstanding debt   | ( 27,353)            | ( 25,130)               |
| (Increase) decrease in due from affiliates  | ( 34,885)            | -                       |
| Increase (decrease) in due to affiliates  | ( 163,153)           | -                       |
| Increase (decrease) in due to officers  | -                    | ( 5,117)                |
| Net cash used by financing activities   | <u>( 225,391)</u>    | <u>( 30,247)</u>        |
| <b>NET DECREASE IN CASH</b>   | <b>( 11,489)</b>     | <b>( 4,208)</b>         |
| <b>CASH AND CASH EQUIVALENTS,</b><br>beginning of year                            | <u>12,113</u>        | <u>16,321</u>           |
| <b>CASH AND CASH EQUIVALENTS, end of year</b>                                     | <b>\$ <u>624</u></b> | <b>\$ <u>12,113</u></b> |

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

PROFESSIONAL REHABILITATION SERVICES, INC.  
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

---

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of the business

Professional Rehabilitation Services, Inc. (the Company) was established to support various programs providing care and treatment to individuals requiring mental, developmental and rehabilitation services. The Company operates a number of programs located in the Baton Rouge and New Orleans, Louisiana, including a halfway house to provide care and treatment for alcohol and drug abuse to chemically dependent adolescents, mental health and development diagnosis services, and a vocational transition service for foster children between the ages of sixteen and twenty-one.

Method of accounting

The accompanying financial statements have been prepared using the accrual basis of accounting, in accordance with generally accepted accounting principles.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The Company regularly assesses these estimates and, while actual amounts may differ, the management believes the estimates are reasonable.

Significant estimates included in or affecting the presentation of the accompanying financial statements include provision for doubtful accounts, estimated useful lives of property and equipment, and deferred income taxes.

Cash and cash equivalents

For the purposes of the statement of cash flows, the Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Accounts receivable

Programs are funded primarily through contractual agreements with the State of Louisiana through the Department of Health and Hospitals, Division of Alcohol and Drug Abuse; the Medicaid program; and grants through the Department of Social Services, Office of Community Services.

With the State of Louisiana as the Company's only creditor, all receivables are expected to be fully collectible. Therefore, no provision or liability for uncollectible accounts has been recognized in the accompanying financial statements. A significant reduction in the level of support provided by the state of Louisiana, if this were to occur, may have a significant effect on the Company's operations.



PROFESSIONAL REHABILITATION SERVICES, INC.  
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

---

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and equipment

All property and equipment is stated at cost. Expenditures for maintenance, repairs and minor renewals are charged to earnings when incurred. Major expenditures for renewals and betterments are capitalized.

As a general rule, when items are retired or otherwise disposed, the accumulated depreciation is reduced by the accumulated amount of depreciation applicable thereto. Any gain or loss from such retirement or disposal is credited or charged to income.

Depreciation

Depreciation is computed on the straight-line and accelerated methods over the following estimated useful lives of the various classes of depreciable assets:

|                         |         |
|-------------------------|---------|
| Equipment and machinery | 5 years |
| Furniture and fixtures  | 5 years |

Income taxes

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes. Deferred taxes are recognized for differences between the basis of assets and liabilities for financial statement and income tax purposes. The differences relate primarily to use of different depreciation methods and lives for financial statement and income tax purposes, and use of net operating loss and tax credit carryforwards for income tax purposes. The deferred tax assets and liabilities represent the future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled.

Advertising

The Company expenses the production costs of advertising the first time the advertising takes place, except direct response advertising, which is capitalized and amortized over its expected period of future benefits. At December 31, 1999 and 1998 the Company had no direct-response advertising classified as assets, and all advertising was expensed as incurred.

PROFESSIONAL REHABILITATION SERVICES, INC.  
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

---

NOTE B – CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of December 31, 1999 and 1998, were as follows:

|                         | <u>1999</u>   | <u>1998</u>      |
|-------------------------|---------------|------------------|
| Cash on hand            | \$ -          | \$ -             |
| Cash in bank – checking | <u>624</u>    | <u>12,113</u>    |
|                         | \$ <u>624</u> | \$ <u>12,113</u> |

NOTE C – PROPERTY AND EQUIPMENT

Property and equipment and accumulated depreciation as of December 31, 1999 and 1998 are as follows:

|                               | <u>1999</u>     | <u>1998</u>     |
|-------------------------------|-----------------|-----------------|
| Equipment                     | \$ 19,797       | \$ 19,797       |
| Furniture and fixtures        | <u>2,167</u>    | <u>2,167</u>    |
|                               | 21,964          | 21,964          |
| Less accumulated depreciation | <u>15,402</u>   | <u>12,533</u>   |
|                               | \$ <u>6,562</u> | \$ <u>9,431</u> |

Depreciation expense for each of the years ended December 31, 1999 and 1998 was \$ 2,870.

NOTE D – RELATED PARTY TRANSACTIONS

Amount due from affiliates of \$ 34,885 at December 31, 1999, and amounts due to affiliates of \$ 163,153 at December 31, 1998, represent funds advanced to and from the Company and various entities under common management for various reimbursable operating expenses. These amounts do not bear interest and have no set payment or settlement date. Management does not anticipate that these liabilities will be liquidated within the current period.

PROFESSIONAL REHABILITATION SERVICES, INC.  
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

NOTE D – RELATED PARTY TRANSACTIONS (continued)

Baton Rouge Development Corporation, which shares common ownership and management with the Company, provided administrative and professional services related to the programs during the years ended December 31, 1999 and 1998. These expenses totaled \$ 36,000 for each of the years ended December 31, 1999 and 1998.

The Company utilizes facilities owned by its shareholder for its operations in Baton Rouge, Louisiana. No rent is paid or accrued for the use of these facilities. Additionally, the Company shares office facilities and equipment with companies that share common ownership and management with the Company. No rental or depreciation expense is recorded by the Company as a result of this arrangement.

NOTE E – NOTES PAYABLE

Notes payable at December 31, 1999 and 1998 consists of the following:

|   | <u>1999</u>      | <u>1998</u>      |
|---|------------------|------------------|
| 10.5 % Note payable to a local bank; payable in monthly installments of \$2,000; secured by buildings | \$ -             | \$ 20,032        |
| Note payable to a local bank, payable in monthly installments; secured by operating equipment         | 1,335            | 5,330            |
| 10.5% Note payable to a local bank; payable in semi-annual interest installments                      | <u>46,653</u>    | <u>49,979</u>    |
|   | 47,988           | 75,341           |
| Less current portion  | <u>4,661</u>     | <u>20,234</u>    |
|   | \$ <u>43,327</u> | \$ <u>55,107</u> |

PROFESSIONAL REHABILITATION SERVICES, INC.  
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

NOTE F - LEASE COMMITMENTS

The Company leased its New Orleans facilities from an unrelated party under an operating lease that was terminated in December, 1998. Rental expense under this operating lease totaled \$ 6,000 for the year ended December 31, 1998.

NOTE G - INCOME TAXES

Summaries of the provisions for income taxes for the years ended December 31, 1999 and 1998, are as follows:

|          | <u>1999</u>     | <u>1998</u>     |
|----------|-----------------|-----------------|
| Current  | \$ -            | \$ -            |
| Deferred | <u>1,617</u>    | <u>5,350</u>    |
|          | \$ <u>1,617</u> | \$ <u>5,350</u> |

Net deferred income tax assets in the accompanying financial statements include the following components:

|                               | <u>1999</u>      | <u>1998</u>      |
|-------------------------------|------------------|------------------|
| Deferred income tax asset     | \$ 30,686        | \$ 32,025        |
| Deferred income tax liability | <u>550</u>       | <u>272</u>       |
| Net deferred income tax asset | \$ <u>30,136</u> | \$ <u>31,753</u> |

As of December 31, 1999 and 1998, the Company had \$ 138,320 and \$ 147,629 in loss carryforwards to offset future taxable income, which are due to expire beginning in 2008. Additionally, the Company had tax credit carryforwards totaling \$ 5,235 at December 31, 1999 and 1998, arising from alternative minimum tax liabilities in prior years, which is available indefinitely for offset against future Federal tax liabilities.

The expected tax provision that would result from applying statutory rates to income before income taxes differs from current expense due to the nondeductibility of certain expenses, including penalties, and due to the tax rates used to calculate deferred taxes, which do not reflect graduated rates.

PROFESSIONAL REHABILITATION SERVICES, INC.  
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

NOTE H – SUPPLEMENTARY CASH FLOW INFORMATION

Cash payments for the years ended December 31, 1999 and 1998, for income taxes and interest are as follows:

|              | <u>1999</u>           | <u>1998</u>           |
|--------------|-----------------------|-----------------------|
| Income taxes | \$ <u>          -</u> | \$ <u>          -</u> |
| Interest     | \$ <u>      4,420</u> | \$ <u>      6,074</u> |

The Company had no noncash investing and financing activities for the year ended December 31, 1999 and 1998.

NOTE I – SIGNIFICANT CONCENTRATIONS OF CREDIT RISK

*Most of the Company's business is with clients located in the Baton Rouge and New Orleans, Louisiana, areas. As stated in Note A, the State of Louisiana is the Company's only creditor, and at December 31, 1999 and 1998, the Company's accounts receivable were expected to be repaid through contracts and grants with the State of Louisiana. A reduction in the amount of support and revenues provided by the State of Louisiana, should this occur, could have a significant impact on the Company's operations.*

NOTE J – PRIOR PERIOD ADJUSTMENT

Certain errors, resulting in the understatement of assets and stockholders' equity, were discovered by the Company subsequent to the issuance of the 1998 financial statements. These errors were corrected in the current period, and retained earnings at December 31, 1998, was restated as follows:

|   |                                |
|---|--------------------------------|
| Retained earnings (deficit), beginning of year,<br>as originally reported | \$( 180,845)                   |
| Understatement of deferred income taxes                                   | <u>          5,235</u>         |
| <br>Retained earnings (deficit), December 31, 1998, as restated           | <br>\$( <u>      175,610</u> ) |

**Johnston & Hayden, LLC**  
CERTIFIED PUBLIC ACCOUNTANTS

13360 Coursey Boulevard, Suite A  
Baton Rouge, Louisiana 70816

TELEPHONE (225) 755-0300  
TOLL FREE 800-755-7869  
FAX (225) 755-0303

MICHAEL D. JOHNSTON, CPA (P.C.)  
RICHARD E. HAYDEN, CPA (P.C.)  
WILLIAM D. MERCER, CPA

MEMBERS OF:  
AMERICAN INSTITUTE  
AND SOCIETY OF LOUISIANA  
CERTIFIED PUBLIC ACCOUNTANTS

AUDITORS' REPORT ON COMPLIANCE

To the Shareholders  
Professional Rehabilitation Services, Inc.  
Baton Rouge, Louisiana

We have audited the basic financial statements of Professional Rehabilitation Services, Inc., for the years ended December 31, 1999 and 1998, and have issued our report thereon dated June 26, 2000.

We conducted our audits 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 misstatements.

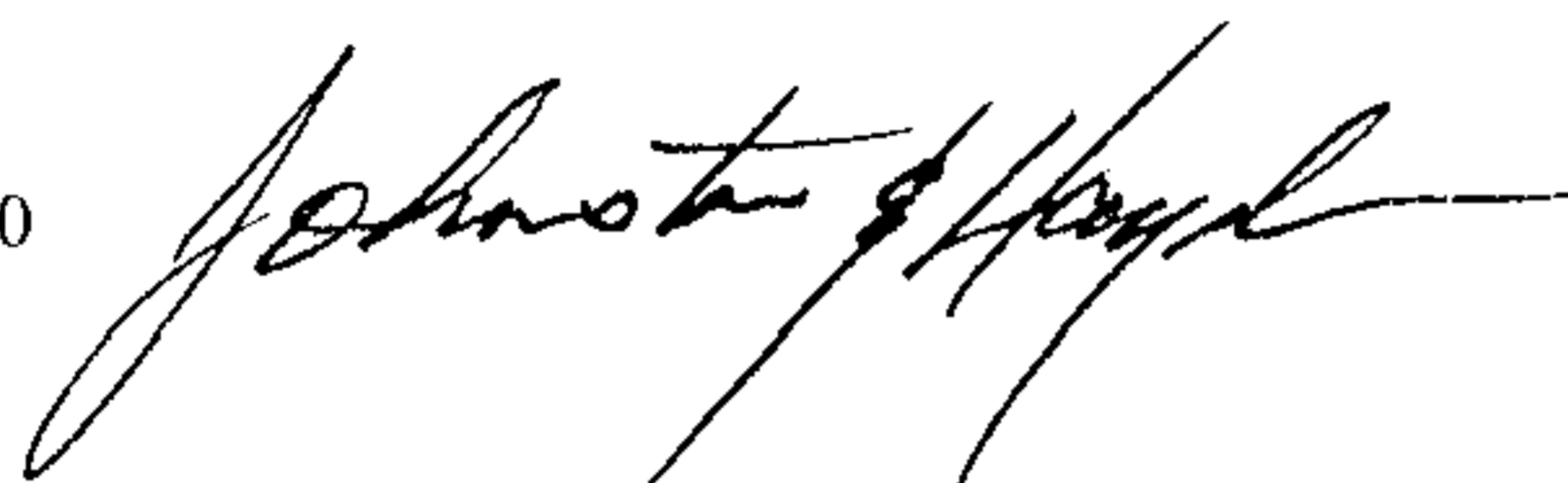
The management of Professional Rehabilitation Services, Inc., is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgements by management are required to assess the expected benefits and related costs of internal control policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of the inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure of future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audits of the basic financial statements of Professional Rehabilitation Services, Inc., for the years ended December 31, 1999 and 1998, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they had been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the specific internal control structure elements does not reduce, to a relatively low level, the risk that errors or irregularities, 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 structure and its operation that we consider to be material weaknesses as defined above.

This report is intended for the information of the management and stockholders of Professional Rehabilitation Services, Inc., and the Louisiana Legislative Auditor. However, this report is a matter of public record, and its distribution is not limited.

June 26, 2000

A handwritten signature in black ink, appearing to read "John T. Hays". The signature is written in a cursive style with a long horizontal stroke at the end.

Johnston & Hayden, LLC  
CERTIFIED PUBLIC ACCOUNTANTS

13360 Coursey Boulevard, Suite A  
Baton Rouge, Louisiana 70816

TELEPHONE (225) 755-0300  
TOLL FREE 800-755-7869  
FAX (225) 755-0303

MICHAEL D. JOHNSTON, CPA (P.C.)  
RICHARD E. HAYDEN, CPA (P.C.)  
WILLIAM D. MERCER, CPA

MEMBERS OF:  
AMERICAN INSTITUTE  
AND SOCIETY OF LOUISIANA  
CERTIFIED PUBLIC ACCOUNTANTS

AUDITORS' REPORT ON COMPLIANCE

To the Stockholders  
Professional Rehabilitation Services, Inc.  
Baton Rouge, Louisiana

We have audited the basic financial statements of Professional Rehabilitation Services, Inc., as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated June 26, 2000.

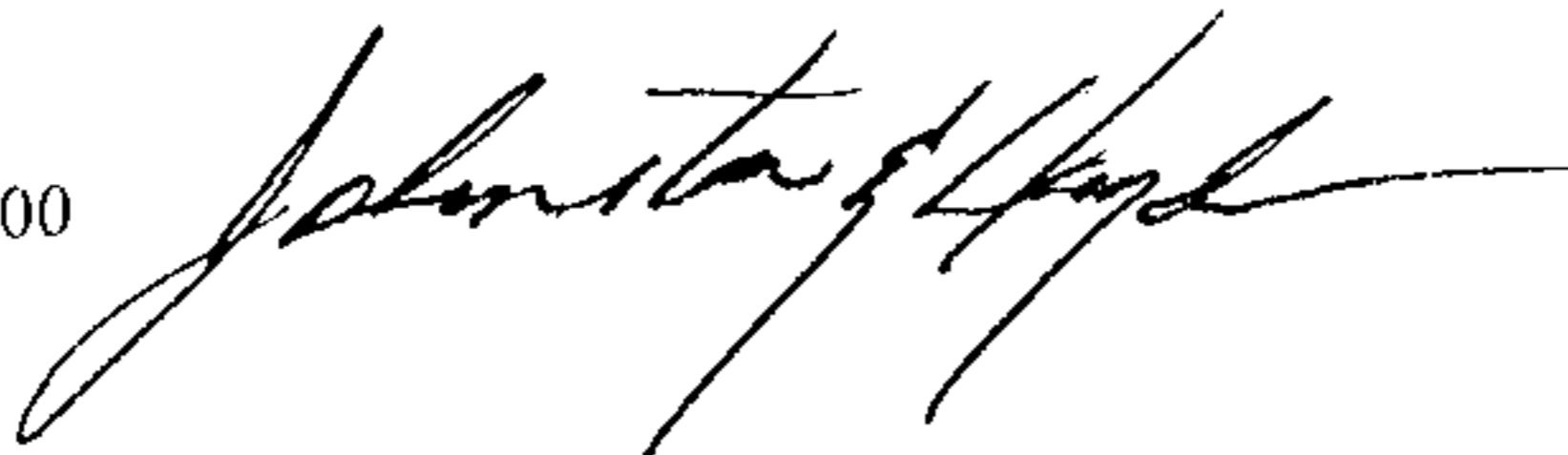
We conducted our audits in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to Professional Rehabilitation Services, Inc., is the responsibility of Professional Rehabilitation Services, Inc.'s management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed test of Professional Rehabilitation Services, Inc.'s compliance with certain provisions of laws, regulations, contracts and grants. However, the objective of our audits of the basic financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported herein under Government Auditing Standards.

This report is intended for the information of the management and stockholders of Professional Rehabilitation Services, Inc., and the Louisiana Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

June 26, 2000





**SUPPLEMENTARY INFORMATION**

PROFESSIONAL REHABILITATION SERVICES, INC.  
Baton Rouge, Louisiana

SCHEDULE I - SCHEDULES OF OPERATING EXPENSES

Years ended December 31,

|                                     | <u>1999</u>           | <u>1998</u>           |
|-------------------------------------|-----------------------|-----------------------|
| Administrative services             | \$ 36,000             | \$ 37,325             |
| Auto expense                        | 10,403                | 12,017                |
| Contract labor                      | 16,500                | 4,875                 |
| Depreciation                        | 2,870                 | 2,870                 |
| Insurance                           | -                     | 1,055                 |
| Legal and professional              | 1,909                 | 2,436                 |
| Licenses and taxes                  | 3,231                 | 2,059                 |
| Miscellaneous                       | 120                   | 10,300                |
| Office expense                      | 679                   | 1,725                 |
| Professional and operating expenses | 13,295                | 36,228                |
| Rent                                | -                     | 6,000                 |
| Repairs and maintenance             | 2,048                 | 8,562                 |
| Salaries and payroll taxes          | 64,842                | 130,810               |
| Supplies                            | 2,089                 | 2,330                 |
| Telephone                           | 3,968                 | 2,430                 |
| Travel                              | 859                   | 1,101                 |
| Utilities                           | <u>3,318</u>          | <u>891</u>            |
| <br>Total Operating Expenses        | <br>\$ <u>162,131</u> | <br>\$ <u>263,014</u> |

UNAUDITED – See auditor’s disclaimer on supplementary information.

PROFESSIONAL REHABILITATION SERVICES, INC.  
Baton Rouge, Louisiana

SCHEDULE II - SCHEDULES OF OTHER INCOME/EXPENSE

Years ended December 31,

---

|                              | <u>1999</u>      | <u>1998</u>      |
|------------------------------|------------------|------------------|
| <b>OTHER INCOME:</b>         |                  |                  |
| Rent income                  | \$ <u>43,000</u> | \$ <u>36,000</u> |
| <b>OTHER EXPENSE:</b>        |                  |                  |
| Interest expense             | 4,420            | 6,074            |
| Penalties                    | <u>301</u>       | <u>126</u>       |
| Total Other Expense          | <u>4,721</u>     | <u>6,200</u>     |
| Total Other Income (Expense) | \$ <u>38,279</u> | \$ <u>29,800</u> |

UNAUDITED – See auditor’s disclaimer on supplementary information.