

SUPPLEMENTARY SECTION

New Orleans Resources for Independent Living, Inc.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 1986

NOTE G - MORTGAGE NOTES RECEIVABLE

As a component of one of the housing programs the Organization acquires, rehabilitates and sells to qualified individuals real estate. The Organization receives as part of its compensation second mortgage notes which bear numerous restrictions. They are non-interest bearing, no payments are made on the principal and in the seventh year begin a fourteen year schedule of forgiveness. If the underlying collateral is sold to a non-qualified purchaser the Organization has the option of purchasing the property at the same price. If the property is sold the Organization can realize some value from these notes, after the owner realizes a return of their equity investment adjusted for inflation. Any such realization by the organization is shared equally with HUD. Due to the highly contingent nature of this asset each note is reported at the nominal value of \$1. The face value of the notes is \$67,564.

NOTE H - OPERATING LEASE

The Organization leases office space under operating lease agreements. In the New Orleans region the lease is for 72 months beginning June 1, 1986 and ending May 31, 2002. In Baton Rouge, the lease is for three years, February 5, 1986 to January 1988. The future obligations are:

Fiscal Year Ended	New Orleans	Baton Rouge
<u>September 30,</u>		
1987	\$187,334	\$18,838
1988	132,148	4,806
1989	136,145	-
2000	138,848	-
2001	130,993	-

NOTE I - NOTE PAYABLE

The Organization was indebted to a local bank for a mortgage on property acquired to be rehabilitated and resold.

New Orleans Resources For Independent Living, Inc.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 1984

Contributions - The Organization also adopted SFAS No. 118, "Accounting for Contributions Received and Contributions Made" in this year. In accordance with SFAS No. 118, contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions. As permitted by SFAS No. 118, the Organization has retroactively applied the provisions of this new statement by restating net assets as of September 30, 1983.

NOTE B - ACCOUNTS RECEIVABLE

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

NOTE C - PROPERTY AND EQUIPMENT

Property and equipment consists of the following components:

Equipment	\$101,112
Furniture	17,893
Real Estate - Acquired to be rehabilitated and sold	<u>14,315</u>
	139,320
Accumulated depreciation	<u>(81,871)</u>
	\$ 77,342

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

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NEW ORLEANS RESOURCES FOR INDEPENDENT LIVING, INC.

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT

SEPTEMBER 30, 1992

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: APR 25 1997

New Orleans Resources for Independent Living, Inc.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 1995

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

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

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

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

New Orleans Resources for Independent Living, Inc.

NOTES TO FINANCIAL STATEMENTS

September 30, 1994

NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

New Orleans Resources for Independent Living, Inc. was incorporated June 27, 1988, under the provisions of the Louisiana Nonprofit Corporation Law. On October 19, 1989, the Internal Revenue Service notified the Organization that the Service determined that the Organization would be recognized as a publicly supported organization, as described in Section 501(c)(13) and that the Organization was exempt from Federal income tax under Section 501(a). The Organization is also exempt from income tax under Louisiana laws.

Significant Accounting Policies

Promise to Give - Contributions are recognized when the donor makes a promise to give the Organization that is in substance, unconditional. Conditions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are 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.

Contributed Services - The Organization received valuable services from its dedicated volunteers. However, these services are not recognized as revenue as they do not create nonfinancial assets nor are they specialized services as described in SFAS 114.

New Orleans Resources for Independent Living, Inc.

Statement of Expenses, Summary

Year Ended September 30, 1984

	Program Services			Supporting Services			
	Living Skills	Service Coordination	Total	Maintenance	Fund Raising	Total	Total
Accounting and auditing	\$ -	\$ -	\$ -	\$ 11,734	\$ -	\$ 11,734	\$ 11,734
Direct Assistance	21,134	17,431	38,565	141,258	-	-	141,258
Contractors	84,134	1,434	85,568	84,858	-	-	84,858
Insurance	1,141	15,734	16,875	46,282	1,222	1,222	52,112
Interpreter	-	1,734	1,734	4,492	-	-	4,492
Repairs and maintenance	43	1,827	1,870	32,132	1,348	-	33,480
Supplies and Small Equipment	1,243	5,748	6,991	28,342	1,288	-	29,630
Storage	492	1,882	2,374	7,738	81	-	8,001
Bus., and social and miscell.	1,822	24,588	26,410	19,343	1,154	1,154	46,907
Salaries	21,424	274,812	2,825,121	1,248,441	115,124	19,499	1,587,075
Bridge benefits	87	4,255	24,111	14,283	1,423	823	11,423
Payroll taxes	2,528	11,741	84,141	65,811	1,242	1,289	67,353
Publications	-	1,121	1,781	4,492	-	-	4,492
Bus and Training	-	1,411	1,222	1,222	-	-	2,444
STAFF Training	-	1,411	1,222	1,222	-	-	2,444
Telephone	444	4,734	1,478	11,844	1,224	-	13,110
Travel	41	11,534	11,734	28,492	-	-	28,492
Depreciation	144,884	141,844	1,111,224	1,422,884	194,411	34,712	1,752,111
	41	82	1,422	2,588	22	41	2,634
Total	\$14,422	488,228	\$1,128,121	\$2,828,121	428,121	192,121	\$3,428,121

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

New Orleans Resources for Independent Living, Inc.

STATEMENT OF CASH FLOWS
Year Ended September 30, 1994

Cash Flows from Operating Activities -	
Increase in net assets	\$ 55,299
Adjustments to reconcile change in net assets to net cash provided by operating activities -	
Depreciation	1,854
(Increase) in operating assets	(72,787)
(Decrease) in operating liabilities	(28,927)
Net cash used by operating activities	(45,561)
Cash Flows from Investing Activities -	
Decrease in property and equipment	49,312
Cash Flows from Financing Activities -	
Decrease in notes payable	(32,860)
Net decrease in cash and cash equivalents	\$ (29,009)

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

New Orleans Resources for Independent Living, Inc.

STATEMENT OF ACTIVITIES
Year Ended September 30, 1988

UNRESTRICTED NET ASSETS	
Support -	
Donations	\$ 11,431
Program income	2,103,731
Sales of real estate from program to acquire and rehabilitate for agency clients	\$ 208,172
Less: Write down in value of mortgage notes received	(48,417)
Realizable value	189,755
Cost of acquiring and rehabilitating	188,488
Net	(28,733)
Investment income	2,418
	<u>2,098,083</u>
Net assets released from restrictions -	
Restrictions satisfied by payments	88,050
Total	<u>2,186,133</u>
Expenses -	
Program services -	
Housing	151,037
Independent Living Skills	368,735
Service Coordination	1,315,181
Total for program services	<u>1,834,953</u>
Supporting services -	
Management and general	158,888
Fund-raising	38,744
Total for supporting services	<u>197,632</u>
Total expenses	<u>2,032,585</u>
Increase in unrestricted Net Assets	<u>153,548</u>
TEMPORARILY RESTRICTED NET ASSETS	
Support for Accessible Dwellings	991
Restrictions satisfied by payments	(88,238)
Total	<u>(87,247)</u>
Increase in net assets	<u>66,299</u>
NET ASSETS AT BEGINNING OF YEAR (as restated)	<u>255,056</u>
NET ASSETS AT END OF YEAR	\$ <u>321,355</u>

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

New Orleans Resources for Independent Living, Inc.

STATEMENT OF FINANCIAL POSITION
September 30, 1990

ASSETS	
Cash and cash equivalents	\$ 88,198
Accounts receivable	289,888
Prepaid expenses	3,380
Property and equipment	75,349
Mortgage notes receivable	0
Deposits	<u>118</u>
Total Assets	\$ 456,913
LIABILITIES	
Accounts payable	\$ 5,731
Deferred revenue	57,364
Mortgage note payable	<u>10,880</u>
Total Liabilities	73,975
NET ASSETS	
Unrestricted:	
Designated for fund development	\$ 37,033
Other unrestricted	<u>51,948</u>
Total Unrestricted	\$ 88,981
Temporarily restricted	<u>221,302</u>
Total Net Assets	310,283
Total Liabilities and Net Assets	\$ 456,913

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

Charles L. Lacoste, Jr.

Certified Public Accountant

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INDEPENDENT AUDITOR'S REPORT

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

I have audited the accompanying statement of financial position of New Orleans Resources for Independent Living, Inc. (a nonprofit organization) as of September 30, 1998, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

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

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of New Orleans Resources for Independent Living, Inc. as of September 30, 1998, and the changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

As discussed in Note A to the financial statements, in the year ended September 30, 1998, the Organization changed its method of accounting for contributions and its method of financial reporting and financial statement presentation.



New Orleans, Louisiana
March 25, 1999

FINANCIAL SECTION

New Orleans Resources for Independent Living, Inc.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 1986

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

NOTE D - DEFERRED REVENUE

Deferred revenues represent funds advanced to the Organization by the State of Louisiana. These funds are recognized from revenues from contractual services.

NOTE E - RELATED PARTIES

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

NOTE F - RESTRICTION ON ASSETS

As of September 30, 1986 certain assets are restricted as to purpose and are available for the following purposes:

Seeding	\$ 79,227
Independent Living Skills	87,436
Service Coordination	<u>38,281</u>
	\$204,944

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INDEPENDENT AUDITOR'S REPORT ON SCHEDULE OF FEDERAL FININGS

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

I have audited the financial statements of New Orleans Resources for Independent Living, Inc. (a nonprofit organization) as of and for the year ended September 30, 1990, and have issued my report thereon dated March 25, 1991. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these basic financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Institutions". These standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

With respect to the items tested, the results of my procedures disclosed no material instances of noncompliance with the requirements listed in the preceding paragraph. With respect to items not tested, nothing came to my attention that caused me to believe that the Organization had not complied, in all material respects, with those requirements.

This report is intended for the information of the board of directors, management, and the legislative auditor. However, this report is a matter of public record, and its distribution is not limited.



NEW ORLEANS, LOUISIANA
MARCH 20, 1967

Charles L. Lacoste, Jr.

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH SPECIFIC REQUIREMENTS APPLICABLE TO NORMAL FEDERAL AWARD PROGRAM TRANSACTIONS

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

I have audited the financial statements of New Orleans Resources for Independent Living, Inc. (a nonprofit organization) as of and for the year ended September 30, 1998, and have issued my report thereon dated March 23, 1997.

In connection with my audit of the financial statements of New Orleans Resources for Independent Living, Inc. and with my consideration of the organization's internal control structure used to administer federal award programs, as required by Office of Management and Budget (OMB) Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Institutions", I selected certain transactions applicable to certain major federal award programs for the year ended September 30, 1998.

As required by OMB Circular A-133, I have performed auditing procedures to test compliance with the requirements governing types of services allowed or disallowed, eligibility, and special tests and provisions (if any) that are applicable to these transactions. My procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on New Orleans Resources for Independent Living, Inc.'s compliance with these requirements. Accordingly, I do not express such an opinion.

In my opinion, the Organization complied, in all material respects, with the requirements governing types of services allowed or excluded and eligibility that are applicable to its major federal programs for the year ended September 30, 1966.

This report is intended for the information of the Board of Directors, management, the various funding agencies and the State of Louisiana Legislative Auditor. However, this report is a matter of public record, and its distribution is not limited.



New Orleans, Louisiana
March 25, 1967

The management of New Orleans Resources for Independent Living, Inc. is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure 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, 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, and that federal award programs are managed in compliance with applicable laws and regulations. Because of inherent limitations in any internal control structure, errors, irregularities, or instances of noncompliance may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to 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.

For the purpose of this report, I have classified the significant internal control structure policies and procedures used in administering federal award programs in the following categories:

- Cash
 - Expenses for goods and services and accounts payable
 - Payroll and related liabilities
 - Property and equipment
 - Governmental financial assistance programs
- General requirements -
 - Political activity
 - Civil rights
 - Cost management
 - Allowable costs/cost principles
 - Drug-free Workplace
- Specific requirements -
 - Types of services allowed
 - Eligibility

New Orleans Resources for Independent Living, Inc.

SCHEDULE OF FEDERAL AWARDS
Year Ended September 30, 1986

Federal Grantor/ Pass-Through Grantor/Program Title	Federal CFDA Number	Agency or Pass-Through Number	Federal Expenditures
<u>MAJOR PROGRAMS</u>			
U. S. Department of Education - pass through from Louisiana Department of Social Services - Title VII	84.233A	374-3036	\$ 181,319
Medicaid - PCA Waiver			791,189
Medicaid - non/CD waiver			479,846
U. S. Department of Housing and Urban Development - Hope 3: Implementation Grant	14.239	N/A	193,139
<u>Other Federal Awards</u>			
U. S. Department of Housing and Urban Development - pass through from New Orleans Office of Housing and Urban Affairs - Community Development Block Grant-Project Open Houses: 14.218		CD-18-033 CD-18-007	36,334 11,314
			<u>\$1,682,731</u>

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH SPECIFIC
REQUIREMENTS APPLICABLE TO MAJOR FEDERAL AWARD PROGRAMS**

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

I have audited the financial statements of New Orleans Resources for Independent Living, Inc. (a nonprofit organization) as of and for the year ended September 30, 1986, and have issued my report thereon dated March 25, 1987.

I have also audited the Organization's compliance with the requirements governing types of services allowed or unallowed and eligibility that are applicable to its major federal programs, which are identified in the accompanying schedule of federal awards, for the year ended September 30, 1986. The management of the Organization is responsible for the Organization's compliance with these requirements. My responsibility is to express an opinion on compliance with these requirements based on my audit.

I conducted my audit of compliance with these requirements in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and Office of Management and Budget Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Institutions". Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements. I believe that my audit provides a reasonable basis for my opinion.

My audit was made for the purpose of forming an opinion on the basic financial statements of New Orleans Resources for Independent Living, Inc. taken as a whole. The accompanying Schedule of Federal Awards is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.



New Orleans, Louisiana
March 25, 1997

In planning and performing my audit of the financial statements of New Orleans Resources for Independent Living, Inc. for the year ended September 30, 1988, I obtained an understanding of the internal control structure. With respect to the internal control structure, I obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and I assessed control risk in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, I do not express such an opinion.

A reportable condition involves a matter coming to my attention relating to significant deficiencies in the design or operation of the internal control structure that, in my judgement, could adversely affect the Organization's ability to record, process, summarize and report financial data in a manner that is consistent with the assertions of management in the financial statements. The bookkeeping function of the accounting system did not meet the normal expectations, as explained more fully in the management letter on page 31 of this report. I have classified this as a reportable condition.

A material weakness is a reportable condition in which the design or operation of one or more of the 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.

My consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. I found no material weaknesses.

This report is intended for the information of the board of directors and management. However, this report is a matter of public record, and its distribution is not limited.



New Orleans, Louisiana
March 24, 1989

Charles L. Lacoste, Jr.

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL
CONTROL STRUCTURE IN ACCORDANCE WITH
OMB CIRCULAR A-133**

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

I have audited the financial statements of New Orleans Resources for Independent Living, Inc. (a nonprofit organization) as of and for the year ended September 30, 1996, and have issued my report thereon dated March 29, 1997.

I conducted my audit in accordance with generally accepted auditing standards; Government Auditing Standards, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Institutions". These standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

In planning and perform my audit for the year ended September 30, 1996, I considered the internal control structure of New Orleans Resources for Independent Living, Inc. in order to determine my auditing procedures for the purpose of expressing our opinion on the financial statements of the Organization and to report on the internal control structure in accordance with OMB Circular A-133. This report addresses my consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal award programs. I have addressed internal control structure policies and procedures relevant to my audit of the financial statements in a separate report dated March 29, 1997.

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

I have audited the financial statements of New Orleans Resources for Independent Living, Inc. (a nonprofit organization) as of and for the year ended September 30, 1996, and have issued my report thereon dated March 29, 1997.

I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The management of the organization is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure 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 accounted 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 inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projections of any evaluation of the structure to 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.

For all of the internal control structure categories listed in the preceding paragraph, I obtained an understanding of the design of relevant policies and procedures and determined whether they have been placed in operation, and I assessed control risk.

During the year ended September 30, 1986, New Orleans Resources for Independent Living, Inc. expended \$1,555,103 under its major federal award programs and \$67,628 under nonmajor programs.

I performed tests of controls, as required by OIG Circular 8-113, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that I considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements and amounts claimed or used for matching that are applicable to the aforementioned nonmajor programs. My procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, I do not express such an opinion.

Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control structure that, in my judgment, could adversely affect the Organization's ability to administer federal award programs in accordance with applicable laws and regulations.

The bookkeeping function of the accounting system did not meet the normal expectations, as explained more fully in the management letter on page 31 of this report. I have classified this as a reportable condition.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that noncompliance with laws and regulations that would be material to a federal award program may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

I noted no matters that I consider a material weakness.

This report is intended for the information of the board of directors and the legislative auditor. However, this report is a matter of public record, and its distribution is not limited.



New Orleans, Louisiana
March 19, 1967

Charles L. Lacoste, Jr.

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

I have audited the financial statements of New Orleans Resources for Independent Living, Inc. (a nonprofit organization) as of and for the year ended September 30, 1998, and have issued my report thereon dated March 25, 1999.

I conducted my 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 I 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 New Orleans Resources for Independent Living, Inc. is the responsibility of Organization's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, I performed tests of New Orleans Resources for Independent Living, Inc.'s compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of my audit of the financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, I do not express such an opinion.

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

This report is intended for the information of the Board of directors, management, and legislative auditor. However, this report is a matter of public record, and its distribution is not limited.



New Orleans, Louisiana
March 25, 1999

Charles L. Lacoste, Jr.

Certified Public Accountant

8110 Quarter Street

New Orleans, Louisiana 70118

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE GENERAL REQUIREMENTS APPLICABLE TO FEDERAL AWARD PROGRAMS

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

I have audited the financial statements of New Orleans Resources for Independent Living, Inc. (a nonprofit organization) as of and for the year ended September 30, 1996.

I have applied procedures to test the compliance of New Orleans Resources for Independent Living, Inc. with the following requirements applicable to its Federal award programs, which are identified in the accompanying Schedule of Federal Awards, for the year ended September 30, 1996.

General requirements -
Political activity
Civil rights
Cash management
Allowable cost/cost principles
Drug-free Workplace Act

My procedures were limited to the applicable procedures described in the Office of Management and Budget's "Compliance Supplement for Audits of Institutions of Higher Learning and Other Non-Profit Institutions". My procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the organization's compliance with the requirements listed in the preceding paragraph. Accordingly, I do not express such an opinion.

With respect to the items tested, the results of my procedures disclosed no material instances of noncompliance with the requirements listed in the second paragraph of this report. With respect to items not tested, nothing came to my attention that caused me to believe that the Organization had not complied, in all material respects, with those requirements.

This report is intended for the information of the board of directors, management, and the legislative auditor. However, this report is a matter of public record, and its distribution is not limited.



Robert J. Ruffalo
New Orleans, Louisiana
March 21, 1997