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**PEOPLE UNLIMITED, INC.
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1997**

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 MAY 23 1998

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10-4-97 9-1-98

WILLIAM D. EDWARDS
Certified Public Accountant
A Professional Accounting Corporation
Member: AICPA (Society of CPAs) 17 03 9-10

Legislative Auditor
1800 North Third Street
Baton Rouge, La 70804

March 11, 1997

Attention: Mr. DeAnna Sanders

Re: Audit of People Unlimited, Inc. - June 30, 1997 and your letter dated March 4, 1998

Gentlemen:

The reference to findings on pages 18 and 24 of the above referenced audit report were the result of a typing error on my part. There was no finding, except the normal "lack of segregation of duties" finding.

Please accept my apologies for this mistake.

Sincerely,



William D. Edwards

PEOPLE UNLIMITED, INC.
JUNE 30, 1997

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WILLIAM D. EDWARDS

Certified Public Accountant
& Professional Accounting Corporation
Member: AICPA / Society of CPAs

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
People Unlimited, Inc.
Monroe, Louisiana 71279

I have audited the balance sheet of People Unlimited, Inc., a nonprofit organization, as of June 30, 1997, and the related statements of support, revenue, and expenses and changes in fund balances and functional expenses for the year then ended. These financial statements are the responsibility of People Unlimited, Inc.'s management. My responsibility is to express an opinion on these financial statements based on our audit.

I conducted my audit in accordance with generally accepted auditing standards and the standards for financial and compliance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 People Unlimited, Inc., as of June 30, 1997, and the results of its operations and the changes in fund balances for the year then ended in conformity with generally accepted accounting principles.

My audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The information included as "Other Supplementary Information" in the Table of Contents is presented for the purposes of additional analysis and is not a required part of the basic financial statements of People Unlimited, Inc. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with *Governmental Auditing Standards*, I have also issued a report dated December 29, 1997 on my consideration of People Unlimited, Inc.'s internal control structure and a report dated December 29, 1997 on its compliance with laws and regulations.



Monroe, Louisiana
December 29, 1997

PEOPLE UNLIMITED, INC.
STATEMENT OF ASSETS SHEET
JUNE 30, 1997

ASSETS

CURRENT ASSETS

Cash	\$ 42,866
Accounts Receivable - Employees	917
Accounts receivable	181,452
Prepaid expenses	159

TOTAL CURRENT ASSETS 225,394

PROPERTY AND EQUIPMENT - Net

10,670

TOTAL ASSETS

\$ 136,064

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts Payable and payroll taxes payable	\$ 32,207
Accrued liabilities	245

TOTAL LIABILITIES

32,452

NET ASSETS

Unrestricted	102,833
Temporarily restricted	10,670
Permanently restricted	-0-

TOTAL NET ASSETS

136,503

TOTAL LIABILITIES AND NET ASSETS

\$ 136,064

See accompanying notes and accountant's report.

PEOPLE UNLIMITED, INC.
STATEMENT OF SUPPORT, REVENUE, EXPENSES,
AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 1997

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUE, GAINS, AND OTHER SUPPORT				
Unrestricted revenues, gains, and other support	\$ 431,883	\$	\$	\$ 431,883
Restricted revenues, gains, and other support:				
Intergovernmental	398,619			398,619
Net assets released from restrictions	3,858	(3,858)		-
TOTAL REVENUES, GAINS, AND OTHER SUPPORT	<u>1,834,212</u>	<u>(3,858)</u>	<u>-</u>	<u>1,830,354</u>
EXPENSES AND LOSSES				
Unrestricted expenses and losses	983,971			983,971
TOTAL EXPENSES AND LOSSES	<u>983,971</u>		<u>-</u>	<u>983,971</u>
INCREASE (DECREASE) IN NET ASSETS	58,241	(3,858)	-	46,383
NET ASSETS AT BEGINNING OF YEAR	<u>62,383</u>	<u>14,328</u>	<u>-</u>	<u>77,126</u>
NET ASSETS AT END OF YEAR	<u>\$ 112,835</u>	<u>\$ 10,470</u>	<u>\$ -</u>	<u>\$ 123,305</u>

PEOPLE UNLIMITED, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 1997

	1997
CASH FLOWS FROM OPERATING ACTIVITIES:	
Increase (decrease) in net assets:	
Adjustments to reconcile change in net assets to net cash	\$ 46,127
Provided (used) by operating activities:	
Increase (decrease) in net property, plant, & equipment	4,308
Increase (decrease) in operating assets:	
Unrestricted unconditional promises to give - Receivable	(21,208)
Accounts Receivable - Employees	1,510
Prepaid Expenses	-8
Increase (decrease) in operating liabilities:	
Accounts Payable	11,607
Accrued Liabilities	(12,511)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	31,198
CASH FLOWS FROM INVESTING ACTIVITIES:	
Payments for property and equipment	(11,800)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Decrease in Deferred support	_____
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	30,198
BEGINNING CASH AND CASH EQUIVALENTS	22,074
ENDING CASH AND CASH EQUIVALENTS	42,866

Taxes - Cash Basis	90,843

See accompanying notes and auditor's report.

PEOPLE UNLIMITED, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 1997

	<u>Program Services</u>			<u>Benefit</u>
	<u>Adult Services</u>	<u>Children</u>	<u>Case Manag.</u>	
Comprehensive and related expenses	\$	\$	\$	\$
Compensation	271,127	11,027	127,449	19,496
Employee benefits				225
Medical	13,184	1,398	3,493	
Other				3,000
Payroll Taxes	88,041	7,027	11,850	384
Conferences and training		7,888	10,462	
Data Processing	17	541	364	
Depreciation	3,808			
Disc. Expenses	584	183	75	
Expendable equipment				
Fixed Supplies	15,118			
Insurance				
Property and casualty				
Vehicles	6,830			
Worker's comp.				
Interest				
Maintenance of building	755			
Maintenance of equipment	4,221	328		
Miscellaneous	543	483	4,580	37
Occupancy				
Utilities	3,883	2,136		
Lease	7,412	5,435	2,328	
Postage	8	621	199	
Supplies				
Cleaning and maintenance	2,765	5,096		
Medical	3,482	2,317		
Office	188	186	1,488	3
Travel	18,513			
Telephone	1,928	3,324	5,336	
Transportation - auto	18,218			
Travel	5,447			
Professional Service	4,738	688		
TOTAL EXPENSES BEFORE ALLOCATION	\$ 434,799	\$ 114,878	\$ 167,887	\$ 21,437
ALLOCATE MANAGEMENT AND GENERAL	84,889	21,842	36,280	11,761
TOTAL EXPENSES	\$ 519,688	\$ 136,720	\$ 204,167	\$ 33,198

	Residential Service	Professional Core Activities	Management and General	Total
\$	13,170	\$ 16,966	\$ 16,622	\$ 46,758
	407	794	6,308	7,509
	3,116	3,216	7,603	13,935
	3,473	1,430	6,072	11,375
				1,339
				3,826
	56	24	1,185	1,265
			7,707	7,707
				35,116
			600	600
			8,362	15,732
			6,410	6,410
			0	0
			698	1,487
			604	5,235
	76	313	3,879	4,268
				13,718
			13,122	30,481
			1,622	2,439
			1,640	2,432
			830	8,629
	8	7	2,956	6,234
				19,513
			6,603	16,601
				18,318
				2,447
				11,133
\$	30,587	\$ 44,559	\$ 108,017	\$ 183,163
	8,833	13,760	(108,017)	0
\$	24,754	\$ 30,799	\$ 0	\$ 183,163

**PEOPLE UNLIMITED, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30,1997**

NOTE A - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

People Unlimited, Inc., was established in 1987, and received their tax-exempt status as a 501 (c) (3) organization in October, 1990, to promote the general welfare of all mentally-challenged persons. Their programs are designed to assist and train clients to become independent citizens within the community. The principal programs consist of vocational training, temporary care of clients, and early intervention.

Basis of Accounting

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

Use of Estimates

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

Contributions

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

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor - restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Cash and Cash Equivalents

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

Fixed Assets, Depreciation and Amortization

Fixed assets are stated at cost. Depreciation is provided on the straight-line method over the estimated useful life of the assets.

PEOPLE UNLIMITED, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 1997

Donated Services

A significant portion of People Unlimited, Inc.'s functions related to courses and seminars is conducted by unpaid volunteers. The value of this contributed time is not reflected in the accompanying financial statements since the volunteers' time does not meet the criteria for recognition under SFAS No. 115.

Lease Commitment

Rent expense is recognized on a straight-line basis over the term of the lease.

Restricted and Unrestricted Revenues and Support

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. Hybrid grant awards are classified as refundable advances until expended to fit the purposes of the grants since they are conditional promises to give.

NOTE D: LAND, BUILDINGS AND EQUIPMENT

Unrestricted

There were no unrestricted capitalized land, buildings, or equipment as of June 30, 1997.

Temporarily Restricted

	June 30 <u>1996</u>	<u>Increase</u>	<u>Decrease</u>	June 30 <u>1997</u>
Vehicles	\$ 9,508	-	\$ -	\$ 9,508
Equipment	9,608	674	(1,424)	8,758
Less Accumulated Depreciation	<u>14,122</u>	<u>(3,858)</u>		<u>(7,860)</u>
Deferred Support	<u>\$ 14,978</u>	<u>\$ (2,884)</u>	<u>\$ (1,424)</u>	<u>\$ 10,670</u>

PEOPLE UNLIMITED, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 1997

Permanently Restricted

There were no permanently restricted land, buildings, or equipment as of June 30, 1997.

NOTE C: COMPENSATED ABSENCES

Accrued compensated absences consist of unpaid sick leave and personal leave as follows:

Sick Leave	\$ 5,266.33
Personal Leave	9,347.93
	<hr/>
	\$14,614.26
	<hr/>

NOTE D: FUNCTIONAL EXPENSES

Expenses that can be identified with a specific program and support service are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated by various statistical bases.

NOTE E: PROGRAMS

The organization's principal programs and primary funding sources are:

Adult Rehabilitation: The Adult Rehabilitation's income is derived from the Louisiana Department of Health and Hospitals. These funds are used to train clients in vocational and pre-vocational activities and supportive services. Service fees charged Community Bridges' clients for training in the amount of approximately \$ 282,300 are included in charges for services.

Vocational Rehabilitation: Vocational Rehabilitation's income is derived from the Department of Social Services, Office of Louisiana Rehabilitative Services. This program provides vocational training support to clients placed in jobs within the community.

Supported Work Contracts: Supported Work Contract's income is derived from services by clients which include personal and other contracts.

Supported/Independent Living: Supported Independent Living's income is derived from the Louisiana Department of Health and Hospitals. This program helps the individual clients become more independent by providing support and training in their residences within the community.

Essex:

Essex's income is derived from the Louisiana Department of Health and Hospitals. The program provides temporary care within the client's home.

PEOPLE UNLIMITED, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 1997

Personal Care Account: Personal Care Account's income is derived from the Louisiana Department of Health and Hospitals. This program provides support and training for individuals in satisfying their own personal needs.

Early Intervention: Early Intervention's income is derived from the Louisiana Department of Health and Hospitals, United Way, and Department of Education. This program provides training and diagnostic services to disabled infants, ages 0 - 3 years.

NOTE F: TAX EXEMPT STATUS

The organization is exempt from income tax under Section 501 (c)(3) of the Internal Revenue Code and, therefore, has no provision for federal income taxes. Contributions to the organization are tax deductible within the limitations prescribed by the Code.

NOTE G: CHANGE IN ACCOUNTING PRINCIPLES

Change in New Pronouncements

People Unlimited, Inc. adopted Statement of Financial Accounting Standards (SFAS) No. 116, *Accounting for Contributions Received and Contributions Made*, in the year-ended June 30, 1996. In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions. As permitted by SFAS No. 116, People Unlimited, Inc. has retroactively applied the provisions of this new Statement by restating net assets as of June 30, 1996. The adjustment made to net assets as of June 30, 1996, represents time and purpose - conditional contributions previously reported as deferred revenue. Under SFAS No. 116, such contributions are required to be reported as temporarily restricted support and are then reclassified to unrestricted net assets upon expiration of the time restriction. There were no amounts for unconditional promises to give that were not previously restricted. The effect of this new Statement on People Unlimited, Inc.'s change in net assets for the year ended June 30, 1996 was a reduction in the decrease in net assets.

In the year ended June 30, 1996, People Unlimited, Inc. adopted SFAS No. 117, *Financial Statements of Not For Profit Organizations*. Under SFAS No. 117, People Unlimited, Inc. 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. As permitted by the new Statement, People Unlimited, Inc. has discontinued its use of fund accounting and has, accordingly, reclassified its financial statements to present the three classes of net assets required. This reclassification had no effect on net assets - unrestricted for the year ended June 30, 1997 of decreasing net assets - unrestricted by \$18,670 and increasing net assets - temporarily restricted by \$10,678.

NOTE H: RESTRICTIONS ON NET ASSETS

The only restricted assets owned by People Unlimited, Inc. are fixed assets.

PEOPLE UNLIMITED, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 1997

NOTE 1: FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited, based on the approximate ratio of total revenues.

NOTE 2: LEASES

There were no capital leases as June 30, 1996. There is a three year lease for the principal facilities, with annual commitments of \$ 15,382.68, payable monthly in the amount of \$ 1,366.889, which expires June 30, 1997. All other facilities are rented on a month to month basis.

NOTE 3: RELATED PARTY TRANSACTIONS

The amount shown as Accounts Receivable Employee is due from MRC Industries on behalf of the Executive Director. The balance was paid in the subsequent month.

PEOPLE UNLIMITED, INC.
COMBINING SCHEDULE OF REVENUE, EXPENSES, AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 1997

UNRESTRICTED

	Adult Services	Children Services	Case Management	Fees/fe
Revenue:				
Intergovernmental	\$ 270,058	\$ 134,290	\$ 194,794	\$ 58,477
Supported Work Contracts	304,800			
Charges for Services - Professional Staff	187,880			
Net Assets Released/ Temporarily Restricted	3,818			
Total Revenue	<u>766,556</u>	<u>134,290</u>	<u>194,794</u>	<u>58,477</u>
Expenses	<u>118,808</u>	<u>136,417</u>	<u>198,148</u>	<u>49,198</u>
Excess (Deficiency) of Revenue Over Expenses	647,748	(2,127)	(3,354)	9,279
Other Financing Sources (Uses)	0	0	0	0
Excess (Deficiency) of Revenue and Other Financing Sources Over Expenses and Other Financing Uses	<u>\$ 647,748</u>	<u>\$ (2,127)</u>	<u>\$ (3,354)</u>	<u>\$ 9,279</u>
Fund Balance at Beginning of Year				
Prior Period Adjustments				
Fund Balance at End of Year				

PEOPLE UNLIMITED, INC.
 COMBINING SCHEDULE OF REVENUE, EXPENSES, AND
 CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 1997

UNRESTRICTED

<u>Residential Services</u>	<u>Personal Care Assessment</u>	<u>Supporting Services Management and General</u>	<u>1997 Unrestricted Total</u>
\$ 57,970	\$ 68,563	\$ 0	\$ 118,533
			204,487
			107,180
			3,858
<u>57,970</u>	<u>68,563</u>	<u></u>	<u>1,814,212</u>
24,708	58,700		982,571
<u>33,262</u>	<u>3,863</u>	<u></u>	<u>58,241</u>
-0-	-0-		-0-
<u>\$ 33,262</u>	<u>\$ 3,863</u>	<u>\$</u>	<u>\$ 58,241</u>
			62,388
			<u>\$ 112,629</u>

PEOPLE UNLIMITED, INC.
SCHEDULE OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 1997

Grant/Program Title	Grant Assistance L.D. Number	State Award Amount	Revenue Recognized	Expenditures	Total State Revenue June 30, 1997
Louisiana Department of Health and Hospitals					
Office of Mental Retardation/ Developmental Disabilities:					
Social Services/ Adult Habilitation	DHH493000	187,754	180,797	180,797	180,797
Social Services/ Infant Habilitation	CFMS 589086	94,772	94,772	98,286	94,772
Office for Citizens with Developmental Disabilities:					
Social Services/ Supervised Apartments	DHH440186	9,696	9,686	9,686	9,686
TOTAL STATE ASSISTANCE		292,222	285,265	288,779	285,265

PEOPLE UNLIMITED, INC.
NOTES TO SCHEDULES OF FEDERAL AND
STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 1997

1. General

The Schedules of Federal and State Financial Assistance presents the activity of all federal and state financial assistance programs of People Unlimited, Inc. All federal financial assistance received directly from federal agencies, as well as federal financial assistance passed through other government agencies, is included in the Schedule of Federal Financial Assistance.

2. Basis of Accounting

The Schedules of Federal and State Financial Assistance are presented using the accrual basis of accounting.

3. Relationship to Combining Schedules of Revenue, Expenses, and Changes in Fund Balances

Federal, state and local government financial assistance revenue and fees for service are included in intergovernmental revenue on the Statement of Support, Revenue, Expenses and Changes in Fund Balances. This revenue is further detailed on pages 12 and 13. Intergovernmental revenue consists of the following:

	Federal Financial Assistance	State Financial Assistance	Fees for Services	Total Intergovern- mental Revenue & Supported
	<u>Amount</u>	<u>Amount</u>	<u>Amount</u>	<u>Amount</u>
1. Adult Services	\$	\$ 210,058	\$ 312,382	\$ 522,440
2. Respite	38,471			38,471
3. Residential Services	57,870			57,870
4. Children Services		136,298		136,298
5. Case Management	194,714			194,714
6. Personal Care Attendant	60,963			60,963
	<u>\$ 711,724</u>	<u>\$ 346,356</u>	<u>\$ 312,382</u>	<u>\$ 1,050,358</u>

WILLIAM D. EDWARDS

Certified Public Accountant
A Professional Accounting Corporation
Member: AICPA / Society of CPAs

INDEPENDENT AUDITORS' REPORT ON THE INTERNAL CONTROL STRUCTURE RELATED MATTERS NOTED IN A FINANCIAL STATEMENT AUDIT CONDUCTED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors of
People Unlimited, Inc.
Ruston, Louisiana

I have audited the general purpose financial statements of People Unlimited, Inc., a nonprofit organization, as of and for the year ended June 30, 1997, and have issued my report thereon dated December 29, 1997.

I conducted my audit in accordance with generally accepted auditing standards and the standards for financial and compliance audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

In planning and performing my audit of the general purpose financial statements of People Unlimited, Inc., for the year ended June 30, 1997, I considered its internal control structure in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements and not to provide assurance on its internal control structure.

The management of People Unlimited, 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, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose 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, 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.

**INDEPENDENT AUDITORS' REPORT ON THE INTERNAL CONTROL
STRUCTURE RELATED MATTERS NOTED IN A FINANCIAL
STATEMENT AUDIT CONDUCTED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS . . . CONTINUED**

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

Cash Receipts
Support, Revenue, and Receivables
Purchasing, Payables, and Disbursements Property and Equipment
Debt and Other Liabilities
General Ledger
Payroll

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

Because of a limited number of available personnel, it is not possible to adequately segregate certain incompatible duties, so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction. Consequently, the possibility exists that unintentional or intentional errors or irregularities could occur and not be promptly detected.

Except as described above, I noted no matters involving the internal control structure and its operation that I consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. 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 entity's ability to record, process, summarize, and report financial data consistent with the directions of management in the general purpose financial statements.

A material weakness is a reportable condition in which the design or operation 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 general purpose 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 that are also considered to material weaknesses as defined above. However, I believe the reportable conditions described above is a material weakness.

This report is intended for the information of management of People Unlimited, Inc., and the Legislative Auditor's office. This restriction is not intended to limit the distribution of the report, which upon acceptance by the Board of Directors is a matter of public record.


William A. Edwards
Florissant, Louisiana
December 28, 1997

WILLIAM D. EDWARDS

Certified Public Accountant
A Professional Accounting Corporation
Member: AICPA / Society of CPAs

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH LAWS AND REGULATIONS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors of
People Unlimited, Inc.
Baton, Louisiana

I have audited the general purpose financial statements of People Unlimited, Inc., a nonprofit organization, as of and for the year ended June 30, 1997, and have issued my report thereon dated December 29, 1997.

I conducted my audit in accordance with generally accepted auditing standards and the standards for financial and compliance audits contained in *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 general purpose financial statements are free of material misstatements.

Compliance with laws, regulations, grants, and contracts applicable to People Unlimited, Inc., is the responsibility of the organization's management. As part of obtaining reasonable assurance about whether the general purpose financial statements are free of material misstatements, I performed tests of the organization's compliance with certain provisions of laws, regulations, and contracts. However, my objective was not to provide an opinion on overall compliance with such provisions.

Material instances of noncompliance are failures to follow requirements or violations of prohibitions, contained in laws, regulations, or contracts, that cause me to conclude that the aggregation of the misstatements resulting from these failures or violations is material to the general purpose financial statements. The results of my tests of compliance disclosed the following material instances of noncompliance:

I considered these material instances of noncompliance in forming my opinion on whether the 1997 general purpose financial statements are presented fairly, in all material respects, in conformity with generally accepted accounting principles, and this report does not affect my report dated December 18, 1997, on these general purpose financial statements.

Except as described above, the results of compliance indicate that, with respect to the items tested, People Unlimited, Inc., complied, in all material respects, with the provisions referred to in the third paragraph of this report, and with respect to items not tested, nothing came to my attention that caused me to believe that

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH LAWS AND REGULATIONS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS--CONTINUED**

the organization had not complied, in all material respects, with these provisions.

This report is intended for the information of management of People Unlimited, Inc., and the Legislative Auditor's office. This restriction is not intended to limit the distribution of this report, which upon acceptance by the Board of Directors is a matter of public record.

William H. G. ...
Kenner, Louisiana
December 28, 1997

WILLIAM D. EDWARDS

Certified Public Accountant
A Professional Accounting Corporation
Member: AICPA / Society of CPAs

INDEPENDENT AUDITOR'S SINGLE AUDIT REPORT ON THE INTERNAL CONTROL STRUCTURE USED IN ADMINISTERING FEDERAL FINANCIAL ASSISTANCE PROGRAMS

To the Board of Directors of
People Unlimited, Inc.
Ponca, Louisiana

I have audited the general purpose financial statements of People Unlimited, Inc. (a nonprofit corporation), as of and for the year ended June 30, 1997, and have issued my report thereon dated December 18, 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, "Audit of Institutions of Higher Education and Other Non-Profit Institutions." These standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement and whether People Unlimited, Inc., complied with laws and regulations, noncompliance with which would be material to a major federal financial assistance program.

In planning and performing my audit for the year ended June 30, 1997, I considered the internal control structure of People Unlimited, Inc., in order to determine my auditing procedures for the purpose of expressing my opinions on the general purpose financial statements of People Unlimited, Inc., and on the compliance of People Unlimited, Inc., with requirements applicable to major programs 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 financial assistance programs. I have addressed internal control structure policies and procedures relevant to my audit of the general purpose financial statements in a separate report dated December 18, 1997.

The management of People Unlimited, 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 general purpose financial statements in accordance with generally accepted accounting principles, and that federal financial assistance 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

**INDEPENDENT AUDITOR'S SINGLE AUDIT
REPORT ON THE INTERNAL CONTROL
STRUCTURE USED IN ADMINISTERING
FEDERAL FINANCIAL ASSISTANCE PROGRAMS--CONTINUED**

effectiveness of the design and operation of policies and procedures may deteriorate.

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

General Requirements

Political Activity
Civil Rights
Federal Financial Reports
Allowable costs/unit principles
Drug-free Workplace Act
Administrative requirements

Specific Requirements

Types of Services allowed or not allowed
Reporting
Claims for advances and reimbursements
Amounts claimed or used for matching

For all of the internal control structure categories listed above, 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.

During the year ended June 30, 1993, People Unlimited, Inc., had no major programs and expended 100% of its total federal financial assistance under nonmajor federal financial assistance programs.

I performed tests of controls, as required by OMB Circular A-133, 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 People Unlimited, Inc.'s nonmajor federal financial assistance program, which is identified in the accompanying Schedule of Federal and State Financial Assistance. 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.

My 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 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 financial assistance program 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 Board of Directors and management of People Unlimited,

**INDEPENDENT AUDITOR'S SINGLE AUDIT
REPORT ON THE INTERNAL CONTROL
STRUCTURE USED IN ADMINISTERING
FEDERAL FINANCIAL ASSISTANCE PROGRAMS-CONTINUED**

Inc., its cognizant state agency, other agencies granting funds to the organization and the Legislative Auditor for the State of Louisiana. This restriction is not intended to limit the distribution of this report, which upon acceptance by the Board of Directors is a matter of public record.



William O. Edwards
Furman, Louisiana
December 28, 1997

WILLIAM B. EDWARDS

Certified Public Accountant
A Professional Accounting Corporation
Member: AICPA / Chartered by ICFPUS

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

To the Board of Directors of
People Unlimited, Inc.
Baton Rouge, Louisiana

I have audited the general purpose financial statements of People Unlimited, Inc., as of and for the year ended June 30, 1997, and have issued our report thereon dated December 29, 1997.

I have applied procedures to test the organization's compliance with the following requirements applicable to its federal financial assistance programs, which are identified in the schedule of federal financial assistance, for the year ended June 30, 1997: political activity, civil rights, federal financial reports, allowable costs/cost principles, Drug-free Workplace Act, and administrative requirements.

My procedures were limited to the applicable procedures described in the Office of Management and Budget's *Compliance Supplement for Sample Study 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 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 these 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 People Unlimited, Inc., had not complied, in all material respects, with those requirements.

This report is intended for the information of the Board of Directors and management of People Unlimited, Inc., its cognate audit agency, other agencies granting funds to organization and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record.



Baton Rouge, Louisiana
December 29, 1997

WILLIAM D. EDWARDS

Certified Public Accountant
A Professional Accounting Corporation
Member: AICPA, I Society of CPAs

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH SPECIFIC REQUIREMENTS APPLICABLE TO NONMAJOR FEDERAL FINANCIAL ASSISTANCE PROGRAM TRANSACTIONS

To the Board of Directors of
People Unlimited, Inc.
Ruston, Louisiana

I have audited the general purpose financial statements of People Unlimited, Inc. (a non-profit corporation), as of and for the year ended June 30, 1997, and have issued my report thereon dated December 29, 1997.

In connection with my audit of the general purpose financial statements of People Unlimited, Inc., and with my consideration of the organization's internal control structure used to administer federal financial assistance programs, as required by Office of Management and Budget Circular A-113, "Audit of Institutions of Higher Education and Other Non-Profit Institutions," I selected certain transactions applicable to certain nonmajor federal financial assistance programs for the year ended June 30, 1997.

As required by OMB Circular A-113, I have performed auditing procedures to test compliance with the requirements governing types of services allowed or unallowed as 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 People Unlimited, Inc.'s compliance with these requirements. Accordingly, I do not express such an opinion.

Material instances of noncompliance are failures to follow requirements or violations of prohibitions, contained in laws, regulations, or contracts, that cause us to conclude that the aggregation of the misstatements resulting from these failures or violations is material to the general purpose financial statements. The result of our tests of compliance disclosed the following material instances of noncompliance:

I consider these material instances of noncompliance in forming my opinion on whether the 1997 general purpose financial statements are presented fairly, in all material respects, in conformity with generally accepted accounting principles, and this report does not affect our report dated December 29, 1997, on these general purpose financial statements.

Except as described above, the results of my tests of compliance indicate that, with respect to the items tested, People Unlimited, Inc., complied, in all material respects, with the provisions referred to in the third paragraph of this report, and 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 these provisions.

This report is intended for the information of the Board of Directors and management of People Unlimited, Inc., its cognate credit agency, other agencies granting funds to the organization and the Legislative Auditor for the State of Louisiana. However, this report is a matter of public record.

William D. Brown
Baton Rouge, Louisiana
December 29, 1997

WILLIAM D. EDWARDS

*Certified Public Accountant
A Professional Accounting Corporation
Member - AICPA / Society of CPAs*

**INDEPENDENT AUDITOR'S REPORT
ON SCHEDULE OF FEDERAL AWARDS**

To the Board of Directors of
People Unlimited, Inc.
Ruston, Louisiana

I have audited the financial statements of People Unlimited, Inc. (a nonprofit organization) as of and for the year ended June 30, 1997, and have issued my report thereon dated December 28, 1997. These financial statements are the responsibility of People Unlimited, Inc. 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 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. I believe that my audit provides a reasonable basis for my opinion.

My audit was conducted for the purpose of forming an opinion on the basic financial statements of People Unlimited, Inc. taken as a whole. The accompanying Schedule of Federal Awards is presented for purposes of additional analysis and is not 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.



William D. Edwards
Ruston, Louisiana
December 28, 1997