ARTHUR ANDERSEN LLP

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STRIVE INCORPORATED
FORMERLY KNOWN AS SOPHIE L. GUMBEL GUILD

FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1998
TOGETHER WITH AUDITORS' REPORT

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 OCT 1 4 1998

ARTHUR ANDERSEN LLP

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Board of Directors
of Strive Incorporated:

We have audited the accompanying statement of financial position of Strive Incorporated ("Strive", a Louisiana not-for-profit corporation), as of June 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 Strive's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Strive as of June 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.

In accordance with Government Auditing Standards, we have also issued herewith our report dated August 28, 1998 on our consideration of Strive's internal control over financial reporting and our tests on its compliance with certain provisions of laws, regulations, contracts and grants.

Arthur Andersen LLP

New Orleans, Louisiana,
August 28, 1998

STRIVE INCORPORATED

STATEMENT OF FINANCIAL POSITION

AS OF JUNE 30, 1998

ASSETS

	Unrestricted Fund	Temporarily Restricted Fund	Total
CURRENT ASSETS:			
Cash and cash equivalents	$ 385,774	$ 11,522	$ 397,296
Short-term investments, at fair value (Notes 2 and 3)	377,825	-	377,825
Accounts and notes receivable	149,884	1,409	151,293
Inventory	14,218	-	14,218
Prepaid expenses	7,043	-	7,043
Total current assets	934,744	12,931	947,675
PROPERTY AND EQUIPMENT (Note 4):			
Land	149,030	-	149,030
Buildings and improvements	1,011,160	-	1,011,160
Furniture, fixtures and equipment	186,953	-	186,953
Automotive equipment	62,444	-	62,444
	1,409,587	-	1,409,587
Less: Accumulated depreciation	(771,306)	-	(771,306)
Net property and equipment	638,281	-	638,281
INVESTMENTS, at fair value (Note 3)	-	116,184	116,184
OTHER ASSETS	441	-	441
Total assets	$1,573,466	$129,115	$1,702,581

LIABILITIES AND NET ASSETS

	Unrestricted Fund	Temporarily Restricted Fund	Total
CURRENT LIABILITIES:			
Accounts payable	$ 8,202	$ 1,571	$ 9,773
Accrued salaries and leave	44,715	-	44,715
Other liabilities	250	-	250
Total current liabilities	53,167	1,571	54,738
NET ASSETS:			
Temporarily restricted	-	127,544	127,544
Unrestricted	1,520,299	-	1,520,299
Total net assets	1,520,299	127,544	1,647,843
Total liabilities and net assets	$1,573,466	$129,115	$1,702,581

The accompanying notes are an integral part of this financial statement.

STRIVE INCORPORATED

TEMPORARILY RESTRICTED FUND

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED JUNE 30, 1998

	1998
REVENUE	$ 2,290
EXPENSES	4,128
	(1,838)
REALIZED AND UNREALIZED GAINS ON INVESTMENTS	17,375
INCREASE IN NET ASSETS	15,537
NET ASSETS AT BEGINNING OF YEAR	112,007
NET ASSETS AT END OF YEAR	$127,544

The accompanying notes are an integral part of this financial statement.

UNRESTRICTED FUND

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED JUNE 30, 1998

	Program Services				Support Services	
	Community Housing (Miller Manor)	Daycare and Workshop (Project Strive)	Social Activities (Miller Center)	Total	Administrative and General (Guild)	Total
REVENUES AND OTHER SUPPORT:						
Contracts	$ 294,941	$638,705	$ -	$ 933,646	$ -	$ 933,646
Contributions	-	-	200	200	5,547	5,747
Rental income	-	-	2,535	2,535	-	2,535
Interest	7,440	6,601	-	14,041	121	14,162
Transportation	-	5,196	-	5,196	-	5,196
Dues	-	-	225	225	5,655	5,880
Other	1,949	42,588	10,000	54,537	19,620	74,157
Total revenues and other support	304,330	693,090	12,960	1,010,380	30,943	1,041,323
EXPENSES:						
Program services	286,786	636,486	25,790	949,062	-	949,062
Support services	-	-	-	-	12,739	12,739
Total expenses	286,786	636,486	25,790	949,062	12,739	961,801
EXCESS OF REVENUES OVER EXPENSES	17,544	56,604	(12,830)	61,318	18,204	79,522
REALIZED AND UNREALIZED GAINS ON INVESTMENTS	10,224	-	-	10,224	-	10,224
CHANGE IN NET ASSETS	$ 27,768	$ 56,604	$ (12,830)	$ 71,542	$18,204	89,746
NET ASSETS AT BEGINNING OF YEAR						1,430,553
NET ASSETS AT END OF YEAR						$1,520,299

The accompanying notes are an integral part of this financial statement.

STRIVE INCORPORATED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 1998

	1998
CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets-	$ 105,283
Adjustments to reconcile change in net assets to net cash	
provided by operating activities-	
Depreciation	61,072
Accretion of discount on investments	(6,412)
Realized and unrealized gains on investments	(27,599)
Changes in assets and liabilities-	
Accounts and notes receivable	(30,671)
Inventory	(6,758)
Prepaid expenses	21,659
Other assets	401
Accounts payable and accrued liabilities	(16,727)
Net cash provided by operating activities	100,248
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of property and equipment	(81,573)
Purchase of investment securities	(367,602)
Maturity of investment securities	309,000
Net cash used for investing activities	(140,175)
NET DECREASE IN CASH	(39,927)
CASH, at beginning of year	437,223
CASH, at end of year	$ 397,296

The accompanying notes are an integral part of this financial statement.

FOR THE YEAR ENDED JUNE 30, 1998

	Program Services				Support Services	
	Community Housing (Miller Manor)	Daycare and Workshop (Project Strive)	Social Activities (Miller Center)	Total	Administrative and General (Guild)	Total
Salaries	$ 124,304	$409,244	$ 4,013	$ 537,561	$ -	$ 537,561
Payroll taxes	9,337	30,782	307	40,426	-	40,426
Professional fees and contract services	14,021	12,610	-	26,631	-	26,631
Allowance to clients	2,736	-	-	2,736	-	2,736
Workshop expense	43,200	-	-	43,200	-	43,200
Bed tax expense	20,700	-	-	20,700	-	20,700
Transportation	1,731	32,441	-	34,172	-	34,172
Training of staff	580	2,192	-	2,772	60	2,832
Insurance	18,467	47,439	3,322	69,228	-	69,228
Administrative supplies	2,851	11,208	46	14,105	1,989	16,094
Meals	10,595	104	-	10,699	80	10,779
Maintenance and repairs	6,634	19,195	2,730	28,559	-	28,559
Project costs	5,227	6,695	-	11,922	-	11,922
Utilities and telephone	6,851	13,985	6,804	27,640	-	27,640
Travel	373	1,660	-	2,033	-	2,033
Other expense	2,255	12,037	1,314	15,606	10,610	26,216
Total expenses before depreciation	269,862	599,592	18,536	887,990	12,739	900,729
Depreciation of property and equipment	16,924	36,894	7,254	61,072	-	61,072
Total expenses	$ 286,786	$636,486	$25,790	$ 949,062	$ 12,739	$ 961,801

The accompanying notes are an integral part of this financial statement.

STRIVE INCORPORATED

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 1998

1. ORGANIZATION AND OPERATIONS:

Strive Incorporated ("Strive"), formerly Sophie L. Gumbel Guild, is a voluntary health and welfare organization providing housing, training and recreational services to adults with developmental disabilities. Strive provides housing for adults in Miller Manor, day care and training for adults through Project Strive, and social training and recreation for adults at Miller Activity Center. The majority of Strive's revenue is derived from the State of Louisiana and private contracts with businesses in the New Orleans metropolitan area.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Presentation/Use of Estimates

The financial statements are prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Generally accepted accounting principles require management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Description of Net Assets Classification

"Financial Statements of Not-For-Profit Organizations" adopted by Strive effective July 1, 1995, requires that net assets and changes in net assets be reported for three classifications - permanently restricted, temporarily restricted and unrestricted - based on the existence or absence of donor-imposed restrictions.

Fund accounting is used to recognize restrictions and limitations which donors place on grants and other gifts as well as designations made by Strive's governing board. Contributions are considered to be unrestricted funds unless restricted by the donor. A donor restriction ends when a time restriction is met or a purpose restriction is accomplished. As restrictions are met, assets are reclassified to unrestricted net assets or permanently restricted net assets and reported as net assets released from restriction in the statement of activities. The funds presented in the financial statements are as follows:

Unrestricted Fund - The Unrestricted Fund is the general operating fund of Strive used to account for all financial resources and assets except those required to be accounted for in another fund. Donor restricted contributions on which restrictions are met in the same reporting period are reported as unrestricted support.

Temporarily Restricted Fund - The Temporarily Restricted Fund consists of a bequest made to Strive during the year ended June 30, 1991. In accordance with the terms of the bequest, the principal amount will be maintained by the trustee until expended for medical and psychological evaluations, physical and occupational therapy, special adaptive equipment and prosthetic devices for retarded citizens in need of financial help.

Permanently Restricted Fund - This fund is not used as Strive has not received any permanently restricted contributions and does not own any permanently restricted assets.

Income Tax Status

Strive is exempt from the payment of Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and, therefore, has no provision for Federal income taxes.

Cash and Cash Equivalents

For purposes of reporting cash flows, cash includes certificates of deposit and highly liquid investments with original maturities of three months or less.

Inventory

Inventory is stated at the lower of cost, determined principally by the first-in, first-out method, or market.

Investments

Strive accounts for investments at fair value in accordance with Financial Accounting Standards Board Statement No. 124 entitled "Accounting for Certain Investments Held by Not-for-Profit Organizations." Realized and unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities.

3. INVESTMENTS

Strive's investments are stated at fair market value based on quoted market prices determined by the investment custodians and are summarized below:

	Unrestricted	Temporarily Restricted	Total
Pooled Mutual Fund	$ -	$116,184	$116,184
Federal Treasury Obligations	377,825	-	377,825
Total	$ 377,825	$116,184	$ 494,009

4. PROPERTY AND EQUIPMENT:

At June 30, 1998, the cost, accumulated depreciation and estimated useful lives of property and equipment were as follows:

	Estimated Useful Life	Cost	Accumulated Depreciation	Book Value
Land	-	$ 149,030	$ -	$ 149,030
Buildings and improvements	31.5	1,011,160	557,769	453,391
Furniture, fixtures and equipment	5-10	186,953	154,710	32,243
Automotive equipment	3	62,444	58,827	3,617
Total		$1,409,587	$ 771,306	$ 638,281

Strive's property and equipment is being depreciated utilizing the straight-line method over their estimated useful lives.

5. SIGNIFICANT CONTRACTS:

For the year ended June 30, 1998, approximately $297,000 of contract revenue was received from the State of Louisiana Department of Health and Hospitals and $338,000 of contract revenue was received from the Louisiana Medical Assistance Program. The State provides annual contracts to Strive which grant the State the right to audit program accounts and activities. Management believes that Strive is in compliance with the provisions of these contracts and that the findings of an audit, if any, would not have a material impact on the financial statements.

ARTHUR ANDERSEN LLP

INDEPENDENT AUDITORS' REPORT ON THE
INTERNAL CONTROL STRUCTURE OF STRIVE AS AN ENTITY

To the Board of Directors
of Strive Incorporated:

We have audited the financial statements of Strive Incorporated ("Strive") as of and for the year ended June 30, 1998, and have issued our report thereon dated August 28, 1998. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Strive's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Strive's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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

Arthur Andersen LLP

New Orleans, Louisiana,
August 28, 1998

ARTHUR
ANDERSEN

Arthur Andersen LLP

Suite 4500
201 St Charles Avenue
New Orleans LA 70170 4500
504 581 5454

August 28, 1998

To the Board of Directors of
Strive Incorporated
1139 Napoleon Avenue
New Orleans, LA 70115

Ladies and Gentlemen:

As part of our audit of the financial statements of Strive Incorporated ("Strive") for the year ended June 30, 1998 we considered Strive's internal control structure to the extent we felt necessary for the purpose of providing a basis for reliance thereon in determining the nature, timing and extent of the audit tests applied in connection with our audit of Strive's 1998 statements. Our consideration of the internal control structure did not entail a detailed study and evaluation of any of its elements and was not made for the purpose of making detailed recommendations or evaluating the adequacy of Strive's internal control structure to prevent or detect errors and irregularities. Because of inherent limitations in any internal control structure, errors and irregularities may occur and not be detected. Furthermore, projection of any evaluation of the internal control structure to future periods is subject to the risk that it may become inadequate because of changes in conditions or deterioration in its operating effectiveness.

Strive has improved its controls during the current year and all the previous years' suggestions have been implemented. There were no additional suggestions noted for the audit of the period June 30, 1998.

This letter is intended solely for the use of management, the Board of Directors, the Legislative Auditor of the State of Louisiana, and grantor agencies. This restriction is not intended to limit the distribution of this letter, which is a matter of public record.

To the extent that the Legislative Auditor of the State of Louisiana and grantor agencies intend to rely upon this letter, such reliance should take into account the limited basis on which our recommendations, if any, were developed, as described above, and the limitations inherent in the internal control structure. In addition, the Legislative Auditor of the State of Louisiana and grantor agencies should understand that the criteria used by us in considering the internal control structure could differ significantly from the criteria which may be used for their purposes.

ARTHUR ANDERSEN

We appreciate the courtesies and cooperation extended to our representatives during the course of their work. We would be pleased to discuss these recommendations in greater detail of otherwise assist in their implementation.

Very truly yours,

ARTHUR ANDERSEN LLP

By Toby Summerour

Toby Summerour