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**Families Helping Families
of Acadiana, Inc.**

Financial Statements
and Independent Auditor's Report
September 30, 1999

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate 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 19 2000

APR 19 2000

Families Helping Families of Acadiana, Inc.

Financial Statements and Independent Auditor's Report
As of and for the Year Ended
September 30, 1999

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**Martin
and
Pellegrin**

103 Ramey Road
Houma, Louisiana 70360

*Certified Public Accountants
(A Professional Corporation)*

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INDEPENDENT AUDITOR'S REPORT

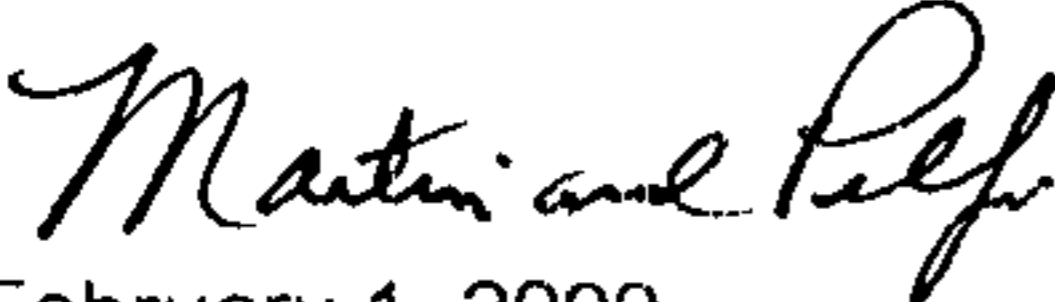
To the Board of Directors
Families Helping Families
of Acadiana, Inc.
Breux Bridge, Louisiana

We have audited the accompanying statement of financial position of Families Helping Families of Acadiana, Inc. (a nonprofit organization) as of September 30, 1999, 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. 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 Families Helping Families of Acadiana, Inc. as of September 30, 1999, 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 our report dated February 1, 2000, on our consideration of Families Helping Families of Acadiana, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.


February 1, 2000

FINANCIAL STATEMENTS SECTION

Families Helping Families of Acadiana, Inc.

Statement of Financial Position
September 30, 1999

ASSETS

Current Assets:

Cash and cash equivalents	\$ 20,985
Unconditional promises to give:	
Restricted governmental grants	<u>57,892</u>
Total current assets	78,877

Furniture and equipment, net of accumulated depreciation of \$2,455	<u>5,509</u>
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TOTAL ASSETS	<u>\$ 84,386</u>
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LIABILITIES AND NET ASSETS

Current Liabilities:

Current maturities of long term debt	\$ 2,502
Payroll taxes payable	<u>2,253</u>
Total current liabilities	4,755

Long term debt, net of current maturities	<u>990</u>
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Total liabilities	<u>5,745</u>
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Net Assets:

Unrestricted	41,635
Temporarily restricted	<u>37,006</u>

Total net assets	<u>78,641</u>
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TOTAL LIABILITIES AND NET ASSETS	<u>\$ 84,386</u>
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See accompanying notes to financial statements.

Families Helping Families of Acadiana, Inc.

Statement of Activities
Year Ended September 30, 1999

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUES AND OTHER SUPPORT			
Government grants	\$ 173,834	\$ 73,453	\$ 247,287
Contributions	1,236		1,236
Other income	11,913		11,913
Revenue received in prior period released from restrictions in current period	118,369	(118,369)	-
TOTAL REVENUES AND OTHER SUPPORT	<u>305,352</u>	<u>(44,916)</u>	<u>260,436</u>
FUNCTIONAL EXPENSES			
Program services	196,964		196,964
Management and general	28,658		28,658
TOTAL FUNCTIONAL EXPENSES	<u>225,622</u>		<u>225,622</u>
INCREASE (DECREASE) IN NET ASSETS	79,730	(44,916)	34,814
NET ASSETS, BEGINNING OF PERIOD	(38,095)	164,640	126,545
ADJUSTMENT TO NET ASSETS, See Note 11	<u>-</u>	<u>(82,718)</u>	<u>(82,718)</u>
NET ASSETS, END OF PERIOD	<u>\$ 41,635</u>	<u>\$ 37,006</u>	<u>\$ 78,641</u>

See accompanying notes to financial statements.

Families Helping Families of Acadiana, Inc.

Statement of Functional Expenses
Year Ended September 30, 1999

	<u>Program</u>	<u>Management and General</u>	<u>Total</u>
Salaries	\$ 140,255	\$ 2,016	\$ 142,271
Travel	18,034	-	18,034
Contract labor	9,113	-	9,113
Payroll taxes and related benefits	8,698	154	8,852
Rent	3,000	3,500	6,500
Telephone	3,149	3,173	6,322
Office supplies	2,408	3,912	6,320
Printing	1,173	4,006	5,179
Professional fees	-	3,911	3,911
Miscellaneous	3,436	250	3,686
Postage	2,547	1,105	3,652
Insurance	1,727	262	1,989
Depreciation	-	1,547	1,547
Utilities	891	550	1,441
Equipment rental	1,066	125	1,191
Interest	-	990	990
Dues & subscriptions	792	72	864
Administrative costs	-	800	800
Repairs and maintenance	-	773	773
Bank charges	-	656	656
Penalties	-	643	643
Advertising	452	-	452
Training	223	48	271
Contributions	-	100	100
Taxes & licenses	-	65	65
	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$ 196,964</u>	<u>\$ 28,658</u>	<u>\$ 225,622</u>

See accompanying notes to financial statements.

Families Helping Families of Acadiana, Inc.

Statement of Cash Flows
Year Ended September 30, 1999

CASH FLOWS PROVIDED BY OPERATING ACTIVITIES:

Increase in net assets	\$ 34,814
Adjustment to prior year temporarily restricted net assets	(82,718)
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	1,547
Decrease in operating assets:	
Restricted unconditional promises to give	64,011
Increase in operating liabilities:	
Payroll taxes payable	<u>(3,873)</u>

NET CASH PROVIDED BY OPERATING ACTIVITIES 13,781

CASH FLOWS USED IN FINANCING ACTIVITIES

Principal payments of long term debt	<u>(1,274)</u>
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NET INCREASE IN CASH AND CASH EQUIVALENTS 12,507

BEGINNING CASH AND CASH EQUIVALENTS 8,478

ENDING CASH AND CASH EQUIVALENTS \$ 20,985

SUPPLEMENTAL INFORMATION:

Cash paid during the year for interest	\$ 990
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See accompanying notes to financial statements.

Families Helping Families of Acadiana, Inc.

Notes to Financial Statements
As of and for the Year Ended September 30, 1999

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. NATURE OF THE ORGANIZATION

Families Helping Families of Acadiana, Inc., a not-for-profit voluntary health and welfare agency, is a resource center for individuals with disabilities and families who have children with special needs. Services include parent-to-parent support, education, training, referral, and information services for members of the community who could benefit from the Organization's resources. The Organization serves the Louisiana parishes of Acadiana, Evangeline, Iberia, Lafayette, St. Landry, St. Martin, and Vermilion.

B. BASIS OF PRESENTATION

The financial statements are prepared on the accrual basis in accordance with generally accepted accounting principles.

C. NET ASSETS

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of Families Helping Families of Acadiana and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met, either by action of Families Helping Families of Acadiana, Inc. and/or the passage of time. When a restriction expires, temporarily restricted net assets are classified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by Families Helping Families of Acadiana, Inc. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes.

Families Helping Families of Acadiana, Inc.

Notes to Financial Statements
As of and for the Year Ended September 30, 1999

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

D. BAD DEBTS

The financial statements of Families Helping Families of Acadiana, Inc. contain no allowance for uncollectible promises to give. Uncollectible accounts are recognized as an expense at the time information becomes available that indicates the amounts are uncollectible. While generally accepted accounting principles require that bad debts be recorded utilizing the allowance method, the difference between the two methods is immaterial to the Organization as management considers all promises to give to be fully collectible.

E. FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and other 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.

F. ESTIMATES

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

G. CASH AND CASH EQUIVALENTS

For the purpose of the statement of cash flows, Families Helping Families of Acadiana, Inc. considers all unrestricted cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

H. FIXED ASSETS

Purchases of assets with a cost greater than \$200 and an estimated useful life greater than one year are capitalized and depreciated using the straight-line method over the estimated useful life of the asset. Contributed fixed assets meeting the criteria above are recorded at fair value on the date of the contribution, and are depreciated over the estimated life of the asset using the straight-line method

Families Helping Families of Acadiana, Inc.

Notes to Financial Statements
As of and for the Year Ended September 30, 1999

I. INCOME TAXES

Families Helping Families of Acadiana, Inc. is a not-for-profit voluntary health and welfare agency exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. It has been classified as an organization that is not a private foundation under Section 509(a)(1) of the Internal Revenue Code and qualifies for the 50% charitable contributions deduction for individual donors. Families Helping Families of Acadiana is not involved in any trade or businesses unrelated to the purpose for which it received its exemption from income taxes.

NOTE 2 - PROMISES TO GIVE

Unconditional promises to give consist of the following:

State of Louisiana:	
Department of Health and Hospitals	\$ 56,986
Department of Education	906
	<u>\$ 57,892</u>

All unconditional promises to give are due within one year and are considered to be fully collectible by management.

The unconditional promises to give are temporarily restricted as to the expiration of time, satisfaction of specific payments, or performance of specific service.

NOTE 3 – FIXED ASSETS

Families Helping Families of Acadiana, Inc.'s fixed assets, which are recorded at cost, consist of office furniture and equipment. These items are depreciated over five or seven-year estimated useful lives using the straight-line method. At September 30, 1999, the Organization's fixed assets and accumulated depreciation totaled \$7,964 and \$2,455 respectively. Depreciation expense totaled \$1,547 for the year.

Families Helping Families of Acadiana, Inc.

Notes to Financial Statements
As of and for the Year Ended September 30, 1999

NOTE 4 – CAPITAL LEASE

The Organization is engaged in a capital lease for office equipment recorded at a cost of \$6,628 and accumulated depreciation of \$1,307. The economic substance of the lease is that the Organization is acquiring the equipment through the lease, and the appropriate assets and liabilities have been recorded.

NOTE 5 – LONG TERM DEBT

Long term debt of Families Helping Families of Acadiana, Inc. consists of a capital lease secured by office equipment with an interest rate of 21.4% with monthly principal and interest payments of \$251. The note matures on February 11, 2001. The principal balance due at September 30, 1999 is \$3,492. Minimum future principal payments of \$2,502 and \$990 are due for the periods ending September 30, 2000 and 2001, respectively.

NOTE 6 - OPERATING LEASE

The Organization leases the space from which it operates from a nonrelated third party. The agreement is unwritten, on a month-to-month basis, and includes monthly rental payments of \$500. The total expense under this agreement for the year ended September 30, 1999 was \$6,500.

NOTE 7 - CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of promises to give due from the State of Louisiana Department of Health and Hospitals, and State of Louisiana Department of Education. Because these receivables are passed through support from the federal and/or State of Louisiana governments the Organization requires no collateral for these amounts.

Families Helping Families of Acadiana, Inc.

Notes to Financial Statements
As of and for the Year Ended September 30, 1999

NOTE 8 - FAIR VALUES OF FINANCIAL INSTRUMENTS

The Organization's financial instruments, none of which are held for trading purposes, include cash and cash equivalents and unconditional promises to give. Management estimates that the fair value of all financial instruments at September 30, 1999, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of financial position.

NOTE 9 - RESTRICTIONS ON NET ASSETS

The restrictions on net assets at September 30, 1999 relate to government grants restricted until the incurring of specific expenditures included in these grants, or performance of specific services required by the grants.

NOTE 10 - GRANTS

During the year ended September 30, 1999 the Organization received restricted unconditional promises to give in the form of grants from the following governmental grantors:

Government Grants

State of Louisiana/ Department of Health and Hospitals/ LA State Planning Council on Developmental Disabilities	\$ 122,563
Office of Public Health	62,697
Office for Citizens with Developmental Disabilities	42,445
Office of Mental Health	7,274
Department of Education/ Office of Special Educational Services	<u>12,308</u>
Total government grants	<u>\$ 247,287</u>

Families Helping Families of Acadiana, Inc.

Notes to Financial Statements
As of and for the Year Ended September 30, 1999

NOTE 11 – PRIOR YEAR NET ASSETS ADJUSTMENT

At September 30, 1998, the Organization had recognized \$82,718 of unconditional promises to give from government cost-reimbursement contracts prior to the performance of the related services. Based on subsequent clarifications of Statement of Financial Accounting Standards (SFAS) No. 116, "Accounting for Contributions Received and Contributions Made," revenues and related receivables related to cost-reimbursement contracts should be recognized at the time the expense is incurred. This resulted in a reduction of September 30, 1998 temporarily restricted net assets by \$82,718 and recognition of the same amount of temporarily restricted revenue for the year ended September 30, 1999.

SUPPLEMENTAL INFORMATION

Families Helping Families of Acadiana, Inc.

Schedule of Findings and Questioned Costs For the Year Ended September 30, 1999

Section I -- Summary of Auditor's Results

1. The auditor's report expresses an unqualified opinion on the financial statements of Families Helping Families of Acadiana, Inc.
2. No reportable conditions were noted during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of Families Helping Families of Acadiana, Inc. were disclosed during the audit.
4. A management letter was issued.

Section II -- Financial Statement Findings

No findings material to the financial statements of Families Helping Families of Acadiana, Inc. were disclosed during the audit.

Section III -- Federal Award Findings and Questioned Costs

This section is not applicable.

Families Helping Families of Acadiana, Inc.

Schedule of Prior Findings and Resolution Matters As of and For the Year Ended September 30, 1999

Note: All prior findings relate to the September 30, 1998 audit engagement.

Section I -- Internal Control and Compliance Material to the Financial Statements

98-1

Criteria: In our consideration of internal control, we noted that the size of Families Helping Families of Acadiana, Inc.'s operations and its limited accounting staff preclude an adequate segregation of duties and other features of an adequate system of internal control, although to employ such controls may not be cost beneficial.

Recommendation: The Board of Directors of Families Helping Families of Acadiana, Inc. should closely monitor the day-to-day activities of the Organization until the agency has grown to the point where it is cost beneficial to employ an adequate system of internal control.

Status: At September 30, 1999, the Board of Directors is monitoring the day to day activities of the organization.

Section II -- Internal Control and Compliance Material to Federal Awards

This section is not applicable.

Section III -- Management Letter

Proper Documentation for Cash Expenditures

Condition: Supporting documentation for several transactions could not be located.

Recommendation: A procedure should be implemented whereby each check written is matched and attached to supporting documentation.

Status: At September 30, 1999, the condition is ongoing. No action has yet to be taken, however, management intends to implement the recommendation.

Segregation of Duties for Depositing Contributions and Grant Revenue

Condition: Individuals designated to open the mail also fill the deposit slip and deposit grant money and contributions into the checking account.

Families Helping Families of Acadiana, Inc.

Schedule of Prior Findings and Resolution Matters
As of and For the Year Ended September 30, 1999

Recommendation: Different parties should open the mail, fill out the deposit slip, and make the deposit.

Status: Resolved.

Proper Documentation of Board of Directors Minutes

Condition: Minutes for one board meeting could not be located.

Recommendation: Records of all meetings should be maintained in one central file.

Status: Resolved.

Operating Budget

Condition: The Organization did not maintain an operating budget.

Recommendation: The Organization should devise and abide by an annual operating budget.

Status: At September 30, 1999, the condition is ongoing. Management has devised an operating budget. However, the budget does not coincide with the Organization's fiscal year. Refer to the current year management letter for a related finding.

Proper Classification of Expenditures

Condition: Numerous transactions were noted as being improperly classified.

Recommendation: The Organization should consider hiring someone with adequate bookkeeping experience to perform or review the Organization's books.

Status: Resolved.

Families Helping Families of Acadiana, Inc.

Management's Corrective Action Plan
For Current Year Findings
As of and For the Year Ended
September 30, 1999

The contact person for all corrective actions noted below is Lydia Thibodeaux, Executive Director.

Section I – Internal Control and Compliance Material to the Financial Statements

This section is not applicable.

Section II – Internal Control and Compliance Material to Federal Awards

This section is not applicable.

Section III – Management Letter

Proper Documentation for Cash Expenditures

Condition: A lack of internal control over cash disbursements.

Recommendation: The Organization should implement a vendor file system, in which all invoices are filed in alphabetical order with indication of payment attached.

Planned Actions: Management plans to implement a vendor file system, as advised.

Operating Budget

Condition: The Organization's operating budget is not being maintained on a fiscal-year basis.

Recommendation: The Organization should maintain its operating budget on a fiscal-year basis, and should also consider changing its fiscal year to relate to its state funding grant year.

Planned Actions: Management plans to adjust its operating budget to comply with its fiscal year.

SPECIAL REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

**Martin
and
Pellegrin**

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*Certified Public Accountants
(A Professional Corporation)*

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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Board of Directors
Families Helping Families
of Acadiana, Inc.
Breau Bridge, Louisiana

We have audited the financial statements of Families Helping Families of Acadiana, Inc. as of and for the year ended September 30, 1999 and have issued our report thereon dated February 1, 2000. 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 Families Helping Families of Acadiana, Inc.'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*.

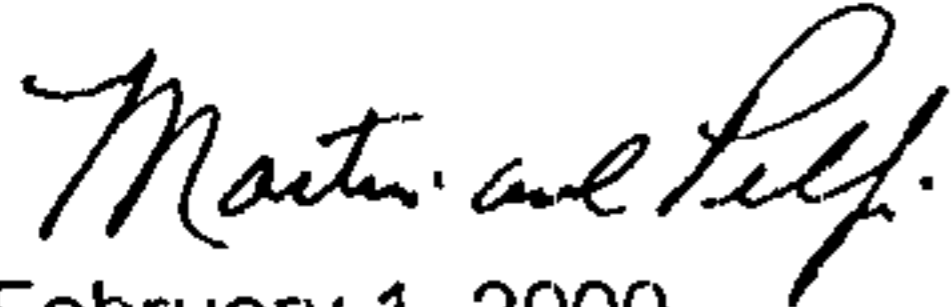
Internal Control Over Financial Reporting

In planning and performing our audit, we considered Families Helping Families of Acadiana, Inc.'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

Board of Directors
Families Helping Families
of Acadiana, Inc.

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. However, we noted other matters involving the internal control over financial reporting, which we have reported to management of Families Helping Families of Acadiana, Inc. in a separate letter dated February 1, 2000.

This report is intended solely for the information and use of the Board of Directors, management, others within the organization, the Louisiana Legislative Auditor, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.


February 1, 2000

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**Families Helping Families
of Acadiana, Inc.**

Management Letter

September 30, 1999

**Martin
and
Pellegrin**

103 Ramey Road
Houma, Louisiana 70360

*Certified Public Accountants
(A Professional Corporation)*

Ph. (504) 851-3638
Fax (504) 851-3951

February 1, 2000

To the Board of Directors
Families Helping Families of Acadiana, Inc.
Breux Bridge, LA

In planning and performing our audit of the financial statements of Families Helping Families of Acadiana, Inc. for the year ended September 30, 1999, we considered its internal control 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.

However, during our audit, we became aware of matters that are opportunities for strengthening internal controls and operating efficiency. The detail below summarizes our comments and suggestions regarding those matters. This letter does not affect our report dated February 1, 2000 on the financial statements of Families Helping Families of Acadiana, Inc.

Proper Documentation for Cash Expenditures

During the course of our audit it was noted whereby documentation was unavailable to support several cash disbursement items. An adequate system of internal control includes mechanisms to ensure that supporting documentation is retained for all expenditures. We suggest that management implement a vendor file system, in which all invoices are filed alphabetically with verification of payment attached.

Operating Budget

Review of the Organization's operating budget revealed that the budget was produced for the period of July 1, 1998 to June 30, 1999, rather the Organization's fiscal year. An adequate system of internal control would include monitoring mechanisms, such as budgets, that measure performance over the course of the fiscal year. We recommend that management create a budget that covers the fiscal year. We further recommend that the Organization consider changing its fiscal year to a July 1 to June 30 period. This would greatly simplify the budget process, given the case that over 95% of the Organization's revenue is derived from governmental grants that follow that fiscal period.

Board of Directors
Families Helping Families of Acadiana, Inc.
February 1, 2000
Page 2

We will review the status of these comments during our next audit engagement. We will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

Sincerely,

A handwritten signature in cursive script that reads "Martin and Pellegrin".

Martin and Pellegrin, CPA's (PC)