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HEBERT  
DESHOTELS  
LEBLANC**  
*A Corporation Of  
Certified Public Accountants*

**THE FAMILY TREE INFORMATION, EDUCATION  
AND COUNSELING CENTER, INC.**

**AUDITED FINANCIAL STATEMENTS**

**For The Years Ended December 31, 1998 and 1997**

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 MAY 17 2000

*Post Office Box 53147, 102 Versailles Blvd. Suite 808  
Lafayette, Louisiana 70505-3147*

**THE FAMILY TREE INFORMATION, EDUCATION  
AND COUNSELING CENTER, INC.**

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**THIBODAUX**

**HEBERT**

**DESHOTELS**

**LEBLANC**

**INDEPENDENT AUDITORS' REPORT**

Jack B. Thibodaux, Jr.  
Alan D. Hebert  
Norbert A. Deshotels  
Phillip P. LeBlanc

John P. Briley  
Steven J. Menard  
Paula P. Prejean  
Howard C. Schoeffler  
Judith Q. Stelly

(337) 232-1000  
Fax: (337) 265-2543  
Post Office Box 53147  
102 Versailles Blvd., Suite 808  
Lafayette, Louisiana 70505-3147

*A Corporation of  
Certified Public Accountants*

The Officers and Directors  
The Family Tree Information, Education and  
Counseling Center, Inc.  
Lafayette, Louisiana

We have audited the accompanying statements of financial position of The Family Tree Information, Education and Counseling Center, Inc. (*a non-profit organization*) as of December 31, 1998 and 1997, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Center's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audits 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 audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Family Tree Information, Education and Counseling Center, Inc. as of December 31, 1998 and 1997, and the changes in its net assets and its cash flows for the years then ended in conformity with generally accepted accounting principles.

  
CERTIFIED PUBLIC ACCOUNTANTS

June 2, 1999

**THE FAMILY TREE INFORMATION, EDUCATION  
AND COUNSELING CENTER, INC.**

**STATEMENTS OF FINANCIAL POSITION  
December 31, 1998 and 1997**

	<u>1998</u>	<u>1997</u>
Assets:		
Cash and cash equivalents, including interest bearing deposits of \$123,440 and \$82,541 in 1998 and 1997, respectively	\$126,368	\$104,118
Accounts receivable	29,884	20,403
Prepaid expenses	4,607	4,607
Furniture and fixtures, net	30,162	17,058
Deposits	350	350
Total assets	<u>\$191,371</u>	<u>\$146,536</u>
Liabilities and net assets:		
Accounts payable	\$32,536	\$24,193
Net assets:		
Unrestricted	<u>158,835</u>	<u>122,343</u>
Total liabilities and net assets	<u>\$191,371</u>	<u>\$146,536</u>

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

**THE FAMILY TREE INFORMATION, EDUCATION  
AND COUNSELING CENTER, INC.**

**STATEMENTS OF ACTIVITIES  
For The Years Ended December 31, 1998 and 1997**

	<u>1998</u>	<u>1997</u>
Changes in unrestricted net assets:		
Revenues:		
Counseling revenue	\$106,627	\$110,720
United Way allocation	110,167	107,246
Fundraising	88,224	79,947
Grants	179,173	77,612
Program revenue	21,655	20,945
In-kind donations	19,158	18,593
Dividends	4,900	4,185
Membership dues	2,405	1,995
Other revenue	1,306	520
Total unrestricted revenues	<u>533,615</u>	<u>421,763</u>
Expenses:		
Program services		
Education	62,629	64,804
Counseling	140,687	171,018
Outreach	96,874	11,825
Fund raising	53,244	43,839
Supporting services		
Administrative and general	143,689	107,885
Total expenses	<u>497,123</u>	<u>399,371</u>
Increase in unrestricted net assets	36,492	22,392
Unrestricted net assets at beginning of year	<u>122,343</u>	99,951
Unrestricted net assets at end of year	<u>\$158,835</u>	\$122,343

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

**THE FAMILY TREE INFORMATION, EDUCATION  
AND COUNSELING CENTER, INC.**

**STATEMENTS OF FUNCTIONAL EXPENSES  
For The Years Ended December 31, 1998 and 1997**

	<u>Education</u>	<u>Counseling</u>	<u>Outreach</u>	<u>Fund Raising</u>	<u>Administrative and General</u>	<u>1998 Total</u>	<u>1997 Total</u>
Bad debt expense	\$ -	\$210	\$ -	\$ -	\$ -	\$210	\$3,345
Bank charges	-	-	-	-	135	135	121
Conferences and meetings	777	811	3,840	-	4,293	9,721	7,306
Consultants	8,911	210	10	-	134	9,265	11,479
Depreciation	-	-	-	-	5,734	5,734	4,172
Fundraising expense	-	-	-	53,244	-	53,244	43,839
In-kind donations	-	-	-	-	19,158	19,158	18,593
Insurance	610	596	423	-	9,411	11,040	7,629
Library	199	39	-	-	2,636	2,874	819
Maintenance	550	-	286	-	6,249	7,085	3,984
Membership dues	-	-	-	-	5,554	5,554	4,424
Miscellaneous	1,063	97	71	-	4,079	5,310	3,498
Newsletters and printing	185	-	4,781	-	5,892	10,858	5,652
Office supplies	70	70	1,606	-	7,977	9,723	6,461
Payroll taxes	3,496	9,838	4,960	-	2,941	21,235	18,554
Postage	-	-	27	-	2,964	2,991	3,439
Professional fees	-	-	-	-	6,884	6,884	3,870
Program supplies	917	20	3,683	-	13,786	18,406	3,265
Rent	-	-	4,170	-	-	4,170	-
Salaries	45,698	128,597	64,837	-	38,256	277,388	237,798
Staff mileage	87	199	5,332	-	3,088	8,706	4,143
Telephone	66	-	2,630	-	4,518	7,214	5,305
Transportation	-	-	-	-	-	-	1,675
Utilities	-	-	218	-	-	218	-
<b>Total expenses</b>	<b>\$62,629</b>	<b>\$140,687</b>	<b>\$96,874</b>	<b>\$53,244</b>	<b>\$143,689</b>	<b>\$497,123</b>	<b>\$399,371</b>

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

**THE FAMILY TREE INFORMATION, EDUCATION  
AND COUNSELING CENTER, INC.**

**STATEMENTS OF CASH FLOWS  
For The Years Ended December 31, 1998 and 1997**

	<u>1998</u>	<u>1997</u>
Cash flows from operating activities:		
Change in net assets	\$36,492	\$22,392
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	5,734	4,172
Changes in assets and liabilities:		
Accounts receivable	(9,481)	(14,976)
Prepaid expenses	-	(1,295)
Accounts payable and accrued liabilities	8,343	3,678
Net cash provided by operating activities	<u>41,088</u>	<u>13,971</u>
Cash flows from investing activities:		
Purchase of property and equipment	<u>(18,838)</u>	<u>(5,759)</u>
Net increase in cash and cash equivalents	22,250	8,212
Cash and cash equivalents at beginning of year	<u>104,118</u>	<u>95,906</u>
Cash and cash equivalents at end of year	<u>\$126,368</u>	<u>\$104,118</u>

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



**THE FAMILY TREE INFORMATION, EDUCATION  
AND COUNSELING CENTER, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1: ORGANIZATION**

The Family Tree Information, Education and Counseling Center, Inc., a nonprofit corporation, was established in 1980 to support, strengthen, and enlighten family life. The Center focuses on providing support through educational programs and counseling services. The Center's services are available to residents of Lafayette, Vermilion, St. Landry, St. Mary, St. Martin, Iberia, Acadia and Evangeline parishes.

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Method of Accounting

Assets and liabilities, and revenues and expenses, are recognized on the accrual basis of accounting.

Property and Equipment

Property and equipment are stated at cost. Expenditures for property and equipment and items which substantially increase the useful lives of existing assets are capitalized at cost and depreciated. Routine expenditures for repairs and maintenance are expensed as incurred. The cost and related accumulated depreciation of property and equipment disposed of are eliminated from the accounts, and any resulting gain or loss is recognized.

Depreciation is provided utilizing the straight-line method. Depreciation expense amounted to \$5,734 and \$4,172 for the years ended December 31, 1998 and 1997, respectively.

Income Taxes

The Center is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

Cash Flows

For purposes of the statement of cash flows, the Center considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

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 those estimates.

Accounts Receivable

The Center considers accounts receivable to be fully collectible; accordingly no allowance for doubtful accounts is required.



**THE FAMILY TREE INFORMATION, EDUCATION  
AND COUNSELING CENTER, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Donor-Restricted Funds*

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases these asset classes. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Center reports the support as unrestricted.

Contributed property and equipment is recorded at fair value at the date of donation. In the absence of donor-imposed stipulations regarding how long the contributed assets must be used, the organization has adopted a policy of implying a time restriction on contributions of such assets that expires over the assets' useful lives; consequently, contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as unrestricted support.

*Credit Risk*

Financial instruments that potentially subject the Center to credit risk include cash and cash equivalents. At December 31, 1998 and 1997, the Center's cash and cash equivalents on deposit with financial institutions were fully insured by the FDIC and SIPC.

**NOTE 3: DONATED SERVICES AND FACILITIES**

The Center occupies a building at 605 West St. Mary Boulevard under an agreement with Our Lady of Lourdes Regional Medical Center. No rent or utilities are paid by the Center. The Landlord has estimated the approximate fair value of the annual rental to be \$15,600 and the fair value of the utilities to be \$3,558 and \$2,993 for the years ended December 31, 1998 and 1997, respectively. These amounts have been recorded as in-kind donations and expenses on the statement of activities.

**NOTE 4: PROPERTY AND EQUIPMENT**

At December 31, 1998, property and equipment consist of the following:

Office furniture and equipment	\$ 59,449
Less: accumulated depreciation	<u>29,287</u>
	<u>\$ 30,162</u>

**THIBODAUX**

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**HEBERT**

**DESHOTELS**

**LEBLANC**

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

Jack B. Thibodaux, Jr.

Alan D. Hebert

Norbert A. Deshotels

Phillip P. LeBlanc

John P. Briley

Steven J. Menard

Paula P. Prejean

Howard C. Schoeffler

Judith Q. Stelly

(337) 232-1000

Fax: (337) 265-2543

Post Office Box 53147

102 Versailles Blvd., Suite 808  
Lafayette, Louisiana 70505-3147

*A Corporation of  
Certified Public Accountants*

The Officers and Directors  
The Family Tree Information, Education and  
Counseling Center, Inc.  
Lafayette, Louisiana

We have audited the financial statements of The Family Tree Information, Education and Counseling Center, Inc. (*a non-profit organization*) as of and for the years ended December 31, 1998 and 1997, and have issued our report thereon dated June 2, 1999.

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

The management of The Family Tree Information, Education and Counseling Center, 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. 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.

In planning and performing our audits of the financial statements of The Family Tree Information, Education and Counseling Center, Inc. for the years ended December 31, 1998 and 1997, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

However, we noted certain matters involving the internal control structure and its operation that we have reported to the management of The Family Tree Information, Education and Counseling Center, Inc. in a separate letter dated June 2, 1999.

This report is intended for the information of the Board of Directors and management of The Family Tree Information, Education and Counseling Center, Inc. This is not intended to limit the distribution of this report, which is a matter of public record.

  
CERTIFIED PUBLIC ACCOUNTANTS

June 2, 1999

**THIBODAUX****HEBERT****DESHOTELS****LEBLANC**

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

Jack B. Thibodaux, Jr.  
 Alan D. Hebert  
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 Howard C. Schoeffler  
 Judith Q. Stelly

(337) 232-1000  
 Fax: (337) 265-2543  
 Post Office Box 53147  
 102 Versailles Blvd., Suite 808  
 Lafayette, Louisiana 70505-3147

*A Corporation of  
 Certified Public Accountants*

The Officers and Directors  
 The Family Tree Information, Education and  
 Counseling Center, Inc.  
 Lafayette, Louisiana

We have audited the financial statements of The Family Tree Information, Education and Counseling Center, Inc. (*a non-profit organization*) as of and for the years ended December 31, 1998 and 1997, and have issued our report thereon dated June 2, 1999.

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

Compliance with laws, regulations, contracts, and grants applicable to The Family Tree Information, Education and Counseling Center, Inc. is the responsibility of management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

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

This report is intended for the information of the Board of Directors and management of The Family Tree Information, Education and Counseling Center, Inc. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

  
 CERTIFIED PUBLIC ACCOUNTANTS

June 2, 1999



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June 2, 1999

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(318) 232-1000  
Fax: (318) 265-2543  
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The Family Tree Information, Education and  
Counseling Center, Inc.  
Lafayette, Louisiana

In planning and performing our audit of the financial statements of The Family Tree Information, Education and Counseling Center, Inc. for the year ended December 31, 1998, we considered the Center's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during our audit, we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. This letter does not affect our report dated June 2, 1999, on the financial statements of The Family Tree Information, Education and Counseling Center, Inc.

Our comments and recommendations are intended to improve the internal control structure and result in other operating efficiencies. Our comments are summarized as follows:

#### Accounting Controls & Procedures

We recommend a change in the basis of accounting for the Center from the cash basis to the accrual basis. The Center is currently using the cash basis of accounting. This method requires the recording of revenue when payment is received and recording of expenses when invoices are paid. While the cash basis method is easy to implement, the financial information generated is less useful to management and directors who require financial information in order to make informed decisions. Under the accrual method of accounting, revenue is recorded when earned and expenses are recorded when incurred. For example, all fees billed by the Center in the month of January would be recorded as revenue in the month of January, regardless of when (or if) payment is received. Expenses would be treated in a similar manner. Invoices dated in January would be recorded as expenses in January, even if they were not paid until February. This method of accounting will generate accounts receivable and accounts payable balances and maintenance of subsidiary ledgers will be required. Implementation of the accrual basis of accounting for interim reporting purposes will give management and the executive staff the ability to better predict cash flows and budget information.

### Counseling Software

The computer software currently in use by the counseling staff to schedule appointments and keep patient records is not being fully utilized. At this time, the software (called "Therapist's Helper 3.0") is being used only to schedule appointments and keeping track of some billing records. The recently received upgrade to this program needs to be studied for other uses such as tracking accounts receivable for counseling fees. Reports generated by the counseling program during the audit indicate that the software has many functions currently not being used by the Center. The Center's personnel should take full advantage of the software's capabilities.

### Aging of Accounts Receivable

Accounting personnel do not prepare periodic aging analyses of customer accounts receivable balances. Periodic preparation and review of such an analysis would allow for prompt action on delinquent accounts. Collections on delinquent accounts are likely to be better the earlier collection efforts are started.

### Write-off of Balances

The contract, signed by patients, when they visit the Center for the first time explicitly states that "Session fees are charged for appointments canceled less than 24 hours in advance and for missed appointments." These cancellation fees are charged to patients, but are rarely collected. The Center's current collection policy is to send three monthly statements to the patients and, at that point, all collection efforts cease. The end of the collection efforts should be reflected in the accounting records. We recommend a careful review of the accounts receivable aging on a monthly basis to determine which patient accounts should be written off as uncollectible.

### In-kind Donations

The Center receives a monthly in-kind donation from Our Lady of Lourdes Regional Medical Center in the form of paid rent and utilities for the building which the Center occupies. The amount of the donation is included on the invoice received from Our Lady of Lourdes for the payroll expense. The dollar amount for rent and utilities should be included as a contribution and expense in each period that the Center occupies the free office space. Although the net income of the Center would not be



The Family Tree Information, Education and  
Counseling Center, Inc.  
June 2, 1999  
Page 3

affected by this monthly entry, we feel that the information is important to the users of the financial statements.

#### **Information Return**

Due to substantial changes made to the financial statements during our audit, we recommend that the filing of the annual informational return (Form 990) with the Internal Revenue Service be delayed until the adjustments made during our audit can be reflected in the financial statements.

These comments were mentioned in the prior year. However, because we feel these recommendations are very important and if implemented would improve the internal control structure of The Family Tree Information, Education and Counseling Center, Inc., we are mentioning them again for reemphasis.

#### **Restricted Contributions**

The Center receives contributions and grants from various sources throughout the year. Some of the donors request that the funds be used for specific programs (for example, the purchase of resource materials for the library). For accounting purposes, these contributions are recorded as "temporarily restricted" until the money is spent on the program which was specified by the donor. It is very important that the entire amount of the donation be spent on the purpose for which it was intended.

#### **Adjusting Journal Entries**

During our audit, we make entries necessary to correct the financial statements. These corrections have not been made to the internal financial statements over the past several years. As a result, the monthly financial statements generated by the outside accountant are materially incorrect. We recommend that all adjusting entries made during our audit be recorded in order to correct the internally developed financial statements.

The Family Tree Information, Education and  
Counseling Center, Inc.  
June 2, 1999  
Page 4

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various Center personnel, and 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.

  
CERTIFIED PUBLIC ACCOUNTANTS