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**FAMILIES HELPING FAMILIES OF
SOUTHWEST LOUISIANA, INC.**

**FINANCIAL STATEMENTS
AND INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED-UPON PROCEDURES**

JUNE 30, 1999

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 MAR 0 1 2000

CONTENTS

Accountants' Compilation Report	1
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to Financial Statements	6 - 8
Independent Accountants' Report on Applying Agreed-Upon Procedures	9 - 11

**Families Helping Families
of Southwest Louisiana, Inc.**

**Statement of Financial Position
June 30, 1999**

Assets	
Current Assets:	
Cash in Bank	\$ 4,990
Fixed Assets:	
Equipment and Furniture	39,340
Library	6,676
Building	67,728
Building Improvements	438
Less: Accumulated Depreciation	<u>(26,667)</u>
Net Fixed Assets	<u>87,515</u>
Total Assets	<u><u>\$ 92,505</u></u>

Liabilities and Net Assets

Current Liabilities:	
Payroll Taxes Payable	\$ 4,146
Line of Credit	23,300
Note Payable - Bank One	<u>2,326</u>
Total Current Liabilities	<u>29,772</u>
Long-Term Liabilities:	
Note Payable - Bank One	<u>45,737</u>
Total Liabilities	<u>75,509</u>
Net Assets:	
Unrestricted	<u>16,996</u>
Total Liabilities and Net Assets	<u><u>\$ 92,505</u></u>

"See Accompanying Accountants' Report and Notes to the Financial Statements"

**Families Helping Families
of Southwest Louisiana, Inc.**

**Statement of Activities
For the Year Ended June 30, 1999**

Unrestricted Net Assets

Support:

State Grants and Financial Assistance	\$ 112,138
Contributions	33,148
Fund-Raising	5,432
Miscellaneous	1,519
Total Support	<u>152,237</u>

Expenses:

Program Services	123,688
Supporting Services:	
Management and General	40,551
Total Expenses	<u>164,239</u>

Increase (Decrease) In Unrestricted Net Assets	(12,002)
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Net Assets at Beginning of Year	<u>28,998</u>
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Net Assets at End of Year	<u><u>\$ 16,996</u></u>
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"See Accompanying Accountants' Report and Notes to the Financial Statements"

**Families Helping Families
of Southwest Louisiana, Inc.**

**Statement of Functional Expenses
For the Year Ended June 30, 1999**

	Program Services	Supporting Services	Total Services
Advertising and Promotion	\$ 293	\$ -	\$ 293
Client Services	4,836	-	4,836
Commissions	-	2,600	2,600
Conference and Meetings	1,615	-	1,615
Contract Services	15,281	1,715	16,996
Equipment Rental	522	58	580
Fund-Raising	-	2,351	2,351
Insurance	-	713	713
Interest	5,133	570	5,703
Membership Dues	-	225	225
Miscellaneous	969	107	1,076
Office Expense and Supplies	809	7,280	8,089
Postage and Shipping	1,868	208	2,076
Printing and Publications	3,599	-	3,599
Professional Fees	5,279	587	5,866
Repairs and Maintenance	-	2,608	2,608
Salaries and Wages	51,363	17,121	68,484
Supplies	899	100	999
Taxes and Licenses	4,235	1,310	5,545
Telephone	10,872	1,208	12,080
Travel and Transportation	7,045	783	7,828
Utilities	1,885	209	2,094
	<hr/>	<hr/>	<hr/>
Total Functional Expenses Before Depreciation	116,503	39,753	156,256
Depreciation of Furniture and Equipment	7,185	798	7,983
	<hr/>	<hr/>	<hr/>
Total Functional Expenses	\$ 123,688	\$ 40,551	\$ 164,239

"See Accompanying Accountants' Report and Notes to the Financial Statements"

**Families Helping Families
of Southwest Louisiana, Inc.**

**Statement of Cash Flows
For the Year Ended June 30, 1999**

Cash Flows From Operating Activities

Decrease in Net Assets	\$ (12,002)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	7,983
Increase (Decrease) in Payroll Taxes Payable	3,141
Decrease in Cash Overdraft	<u>(630)</u>
Net Cash Provided By Operating Activities	<u>(1,508)</u>

Cash Flows From Investing Activities

Purchase of Equipment	<u>(9,513)</u>
Net Cash Used For Investing Activities	(9,513)

Cash Flows From Financing Activities

Payments on Loan For Office Building	(2,289)
Proceeds From Line of Credit	20,000
Payments on Line of Credit	<u>(1,700)</u>

Net Cash Provided By Financing Activities	<u>16,011</u>
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Net Increase (Decrease) In Cash 4,990

Cash at Beginning of Period -

Cash at End of Period \$ 4,990

"See Accompanying Accountants' Report and Notes to the Financial Statements"

FAMILIES HELPING FAMILIES OF SOUTHWEST LOUISIANA, INC.
Notes To the Financial Statements
June 30, 1999

Organization and Background

Families Helping Families of Southwest Louisiana, Inc. was established in Lake Charles in 1991 as part of a statewide network of family resource centers. This center serves not only Calcasieu Parish, but also Allen, Beauregard, Cameron, and Jeff Davis parishes. The agencies throughout the state are not-for-profit organizations designed to offer information and resources including referrals, education and training, and peer to peer support to individuals and family members of individuals with special needs.

The Agency is funded by donations and personal contributions, fundraisers, and various grants from the State of Louisiana and community organizations.

Note 1 – Summary of Significant Accounting Policies

Contributed Services

During the year ended June 30, 1999, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded.

Property and Equipment

Property and equipment are stated at cost, or if donated, at the approximate fair market value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. No restrictions have been placed on assets donated to the Agency. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets.

Cash and Cash Equivalents

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

Income Taxes

The Agency is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and comparable state law. Therefore, no provision has been made for federal or state income taxes in the accompanying financial statements.

FAMILIES HELPING FAMILIES OF SOUTHWEST LOUISIANA, INC.
Notes To the Financial Statements (Continued)
June 30, 1999

Note 1 – Summary of Significant Accounting Policies (continued)

Financial Statement Presentation

The Agency has adopted Statement of Financial Accounting Standard (SFAS) No. 117, "Financial Statements of Not-For-Profit Organizations." Under SFAS 117, the Agency 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. In addition, the Agency is required to present a statement of cash flows. As permitted by this new statement, the Agency has discontinued its use of fund accounting and has, accordingly, reclassified its financial statements to present the three classes of net assets required.

Basis of Accounting

The accompanying financial statements of Families Helping Families of Southwest Louisiana, Inc. have been prepared in the accrual basis of accounting.

Note 2 – Retirement Benefits

The Agency does not provide retirement benefits. Employees participate in the Social Security system. The Agency is not responsible for any post-employment benefits. The Agency has only the usual obligation to make current matching payments to the Social Security system for active employees.

Note 3 – Use of Estimates

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

Note 4 – Economic Dependency

During the year ended June 30, 1999, the Agency received much of its support from the State of Louisiana Department of Health and Hospitals Office for Citizens with Developmental Disabilities and the Developmental Disabilities Council. If the support to the Agency were reduced significantly, it could have an adverse impact on the Agency's operations.

FAMILIES HELPING FAMILIES OF SOUTHWEST LOUISIANA, INC.
Notes To the Financial Statements (Continued)
June 30, 1999

Note 5 – Note Payable

In August, 1996, the Agency borrowed \$53,600 from Bank One for the purchase of the office facilities. The note is payable in 59 monthly installments of \$556.23 including interest at 9.25% and one final installment payment consisting of the unpaid principal balance and accrued interest due in August, 2001. The loan is secured by the real estate.

Maturity of the note payable is as follows:

Year Ending June 30,	
<u>2000</u>	\$ 2,326
2001	45,737
	<u>\$ 48,063</u>

Note 6 – Accrued Compensated Absences

The Agency has no policy providing for compensated absences.

Note 7 – Allocation of Program vs. Support Expenses

An allocation of many of the operating expenses of the Agency has been made on the basis of Board policy and management's estimate of 10% support and 90% program. Costs relating directly to the mission of the Agency are allocated as 100% program and expenditures for support matters and direct fund-raising costs are considered 100% support. Although the Agency's director and staff have certain administrative responsibilities, they are, nevertheless, significantly involved with the program activity owing to the small size of the Organization and the nature of the mission of Families Helping Families of Southwest Louisiana, Inc. Consequently, an allocation of salaries, wages, and related payroll taxes has been made on the basis of 75% program and 25% support.

McMullen and Mancuso
 Certified Public Accountants, L.L.C.
 P.O. Box 202

Lisa J. McMullen, CPA
 Pamela C. Mancuso, CPA

3516 Maplewood Drive
 Sulphur, Louisiana 70664-0202

Telephone (318) 625-5054
 Fax (318) 625-5849

**Independent Accountants' Report
 on Applying Agreed-Upon Procedures**

To the Board of Directors of Families
 Helping Families of Southwest Louisiana, Inc.

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of Families Helping Families of Southwest Louisiana, Inc., the Legislative Auditor, State of Louisiana, and applicable state grantor agency/agencies solely to assist the users in evaluating management's assertions about Families Helping Families of Southwest Louisiana, Inc.'s compliance with certain laws and regulations during the year ended June 30, 1999 included in the accompanying *Louisiana Attestation Questionnaire*. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Federal, State, and Local Awards

1. Determine the amount of Federal, state and local award expenditures for the fiscal year, by grant and grant year.

Families Helping Families of Southwest Louisiana, Inc.'s Federal award expenditures for all Federal programs for the fiscal year follow:

Federal Grant Name	Grant Year	CFDA No.	Amount
Louisiana Department of Education Inclusive Education Facilitator - Region V	7/1/98 - 6/30/99	84.027A	\$11,951
Office of Community Services Child Abuse Prevention Services	7/1/98 - 6/30/99	--	\$10,000
Office for Citizens with Developmental Disabilities Social Services Grant	7/1/98 - 6/30/99	--	\$25,000
LA State Planning Council on Developmental Disabilities Social Services Grants	7/1/98 - 6/30/99	--	\$38,008
Office of Mental Health Regional Mental Health Conference - Region V	7/1/98 - 6/30/99	--	\$1,500
Total Expenditures			\$86,459

Members

American Institute of Certified Public Accountants
 Louisiana Society of Certified Public Accountants

1. For each Federal, State, and local award, we randomly selected 6 disbursements from each award administered during the period under examination, provided that no more than 30 disbursements would be selected.
2. For the items selected in procedure 2, we traced the disbursements to supporting documentation as to proper amount and payee.

We examined supporting documentation for each of the selected disbursements and found that payment was for the proper amount and made to the correct payee.

3. For the items selected in procedure 2, we determined if the disbursements were properly coded to the correct fund and general ledger account.

All of the payments, with the exception of one, were properly coded to the correct fund and general ledger account. The one exception was check number 2750, a reimbursement check to the director of the Agency, which was improperly coded to miscellaneous expense in its entirety. The check should have been coded to office expense and miscellaneous expense.

4. For the items selected in procedure 2, we determined whether the disbursements received approval from proper authorities.

Inspection of documentation supporting each of the selected disbursements indicated approvals from the director and/or the chairman of the board.

5. For the items selected in procedure 2: For federal awards, we determined whether the disbursements complied with the applicable specific program compliance requirements summarized in *the Compliance Supplement* (or contained in the grant agreement, if the program is not included in the Compliance Supplement) and for state and local awards, we determined whether the disbursements complied with the grant agreement, relating to:

Activities allowed or unallowed:

The disbursements reviewed complied with the allowability requirements for the state awards that the Agency received.

Eligibility

No eligibility requirements applied to the disbursements tested.

Reporting

The disbursements reviewed complied with the reporting requirements of the state awards with the exception of one. Booklets were received on a consignment basis. The Agency submitted the expense to the State at the retail value instead of at the Agency's actual cost. The difference in the amount is considered a questioned cost.

6. For the programs selected for testing in item (2) that had been closed out during the period under review, we compared the close-out report, when required, with the entity's financial records to determine whether the amounts agree.

There were no closed out programs during the period tested.

Meetings

7. We examined evidence indicating that agendas for meetings recorded in the minute book were posted as an open meeting as required by LSA-RS 42:1 through 42:12 (the open meetings law).

Families Helping Families of Southwest Louisiana, Inc. is required to post a notice of each meeting and the accompanying agenda on the door of the Agency's office building. Although management has asserted that such documents were properly posted, we could find no evidence supporting such assertion other than an unmarked copy of a notice.

Comprehensive Budget

8. For all grants exceeding five thousand dollars, we determined that each applicable federal, state, or local grantor agency/agency was provided with a comprehensive budget of those grants that included the purpose and duration, and for state grants included specific goals and objectives and measures of performance.

Families Helping Families of Southwest Louisiana, Inc. provided comprehensive budgets to the applicable state grantor agencies for the programs mentioned previously. These budgets specified the anticipated uses of the funds, estimates of the duration of the projects, and plans showing specific goals and objectives that included measures of performance.

Prior Comments and Recommendations

9. We reviewed any prior-year suggestions, recommendations, and/or comments to determine the extent to which such matters have been resolved.

In the agreed-upon procedures engagement for the year ended June 30, 1998, we reported that Families Helping Families Southwest Louisiana, Inc. had not properly posted notices of board meetings and the accompanying agendas on the door of the Agency's office building. Management disclosed that such documents were not properly posted because they were unaware of the requirement of open meetings. This comment has been resolved as the Agency has posted copies of the notice and agenda of the meeting on the door of the Agency office building as required by LSA-RS 42:1 through 42:2 (open meeting law). The Compilation and Attestation Report for the year ended June 30, 1998 was submitted after the six-month statutory issue date, thereby placing the Agency in noncompliance with State Law. Families Helping Families of Southwest Louisiana, Inc. is a small nonprofit agency and the time and cost of the audits for the prior years prepared before this compilation and attestation report were factors in the delay of the engagement. This matter has not been resolved, as this compilation and attestation has been submitted after the six-month statutory issue date.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of Families Helping Families of Southwest Louisiana, Inc., the Legislative Auditor (State of Louisiana), and the applicable state grantor agency/agencies and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited.

McMullen and Mancuso, CPAs

January 26, 2000

**FAMILIES HELPING FAMILIES
OF SOUTHWEST LOUISIANA, INC.**

**MANAGEMENT'S CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 1999**

Finding No. 1

The compilation and attestation report for the year ended June 30, 1999 was submitted after the six-month statutory issue date, thereby placing the Agency in noncompliance with state law.

Response

The compilation and attestation report for the year ended June 30, 1999 was intended to be issued by the six-month statutory issue date. During the course of the engagement, some unanticipated problems were encountered in closing the books and preparing year-end adjustments. In addition, resolving some of the matters that arose during compliance testing required more time than expected. To ensure the issuance of an accurate report, these matters had to be resolved.

All future reports will be submitted before the six-month statutory issue date, as more time allowances will be made for unexpected and unanticipated delays.

Finding No. 2

The disbursements reviewed during the compilation and attestation report complied with the reporting requirements of the state awards with the exception of one. Booklets were received by the Agency on a consignment basis. The Agency submitted the expense to the State at the retail value instead of at the Agency's actual cost. The difference in the amount is considered questionable cost.

Response

The State Department of Education was contacted about this disbursement issue and its compliance with the grant agreement. The Agency should have submitted the actual costs of the booklets to the State Department of Education for reimbursement instead of at the retail value. The State will determine if the difference should be paid back to the program. If these circumstances were to arise in the future, Families Helping Families of Southwest Louisiana, Inc. will request reimbursement at actual cost and not the selling price set by the Agency. The Agency is also aware that any profit from the sale of such booklets must go back to the program.

Agency Contact Person:

Diane Hazlewood
Executive Director