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Family Service of Greater Baton Rouge
Baton Rouge, Louisiana
December 31, 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 JUL 12 2000

Family Service of Greater Baton Rouge
Baton Rouge, Louisiana

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HAWTHORN, WAYMOUTH & CARROLL, L.L.P.

J. CHARLES PARKER, C.P.A.
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ANTHONY J. CHRISTINA, III, C.P.A.
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May 18, 2000

Independent Auditor's Report

Board of Directors
Family Service of Greater Baton Rouge
Baton Rouge, Louisiana

Members of the Board:

We have audited the accompanying statements of financial position of

Family Service of Greater Baton Rouge
Baton Rouge, Louisiana

as of December 31, 1999 and 1998, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the entity'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 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 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 Family Service of Greater Baton Rouge, as of December 31, 1999 and 1998, and the changes in its net assets and its cash flows for the years then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated May 18, 2000, on our consideration of Family Service of Greater Baton Rouge's internal control structure over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the Family Service of Greater Baton Rouge taken as a whole. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations," and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Yours truly,

Hawthorn, Waymouth & Carroll, L.L.P.

Family Service of Greater Baton Rouge
Statements of Financial Position
December 31, 1999 and December 31, 1998

	1999	1998
Assets		
Cash and cash equivalents	$661,927	$512,121
Certificates of deposit	26,119	25,000
Investments	2,572	1,311
Receivables		
Service fees (net of allowance for doubtful accounts of $19,000 and $16,000 for 1999 and 1998, respectively)	24,755	18,455
Grants	244,837	143,470
Pennington Family Loan Program (net of allowance for loan loss of $24,000)	55,422	
Prepaid pension cost	126,746	113,093
Other prepaid expenses	7,516	13,633
Land, building and equipment, net	471,672	495,597
Total assets	1,621,566	1,322,680
Liabilities		
Accounts payable	15,641	1,974
Accrued annual leave and other payroll liabilities	35,552	27,966
Daughters of Charity income received in advance		43,360
Mortgage payable		
Current maturity	10,702	9,808
Mortgage payable, net of current maturity	106,427	116,856
Total liabilities	168,322	199,964
Net Assets		
Unrestricted		
Designated by Board for capital improvements and education	61,835	54,500
Undesignated	1,061,365	915,336
	1,123,200	969,836
Restricted		
Temporarily	330,044	152,880
Total net assets	1,453,244	1,122,716
Total liabilities and net assets	1,621,566	1,322,680

The accompanying notes are an integral part of these statements.

Family Service of Greater Baton Rouge
Statements of Activities and Changes in Net Assets
Years Ended December 31, 1999 and December 31, 1998

Revenue, Gains and Other Support	**Unrestricted**	**Temporarily Restricted**	**Total 1999**	**Total 1998**
Public support				
United Way	$460,052		$460,052	$451,052
Contributions/fund raising	90,915		90,915	53,390
Net assets released from restrictions in satisfaction of program restrictions	28,817	($28,817)		
	579,784	(28,817)	550,967	504,442
Other Revenue				
Service fees	148,162		148,162	177,597
Insurance reimbursement	6,232		6,232	4,433
Title XX-OCS	21,127		21,127	21,922
Parenting Center fees	24,759		24,759	35,120
Interest	16,674	14,761	31,435	17,545
Membership dues	7,195		7,195	11,915
Independent Living Program	179,253		179,253	186,503
Teen Advocate Program/ First-time Parents	308,073		308,073	
Workshop	30,495		30,495	27,551
Children's Trust Fund	50,455		50,455	24,152
Daughters of Charity	86,720		86,720	
Volunteers of America	2,000		2,000	28,445
HIV Hope Grant	58,155		58,155	43,861
Care Coordination Grant	232,745		232,745	71,217
Women and Children HIV Grant	29,917		29,917	
Pennington Family Loan Program	52,341	179,700	232,041	150,000
Miscellaneous	8,565	11,520	20,085	2,082
	1,262,868	205,981	1,468,849	802,343
Total revenue, gains and other support (carried forward)	1,842,652	177,164	2,019,816	1,624,027

The accompanying notes are an integral part of these statements.

Family Service of Greater Baton Rouge
Statements of Activities and Changes in Net Assets
Years Ended December 31, 1999 and December 31, 1998

	Unrestricted	Temporarily Restricted	Total 1999	Total 1998
(Amounts brought forward)	$1,842,652	$177,164	$2,019,816	$1,624,027
Expenses				
Program services				
Counseling Program	525,629		525,629	563,292
Parenting Center	194,533		194,533	155,265
Teen Advocate Program/ First-time Parents	306,449		306,449	311,451
HIV Hope Program	56,549		56,549	44,680
Care Coordination Program	209,218		209,218	60,904
Pennington Family Loan Program	75,861		75,861	3,567
Independent Living Program	177,307		177,307	176,094
Women and Children HIV Program	28,035		28,035	
Supporting services				
Management and general	115,707		115,707	92,970
Total expenses	1,689,288		1,689,288	1,408,223
Change in Net Assets	153,364	177,164	330,528	215,804
Net Assets, beginning of year	969,836	152,880	1,122,716	906,912
Net Assets, end of year	1,123,200	330,044	1,453,244	1,122,716

The accompanying notes are an integral part of these statements.

Family Service of Greater Baton Rouge
Statements of Functional Expenses
Years Ended December 31, 1999 and December 31, 1998

	Program Services				
	Counseling Program	Parenting Center	TAP	FTP	HOPE
Salaries and Related Expenses					
Salaries	$367,444	$116,359	$96,450	$128,689	$35,011
Employee health and retirement	34,963	9,714	11,591	17,936	5,922
Payroll taxes	28,524	8,072	6,682	10,479	2,430
Total salaries and related expenses	430,931	134,145	114,723	157,104	43,363
General Expenses					
Professional fees	15,818	21,615	638	1,648	2,883
Supplies	4,314	2,927	3,318	1,660	1,769
Telephone	6,351	1,464	1,453	2,143	351
Postage	3,964	2,498	391	228	613
Janitorial and maintenance	5,969	644	800	1,003	614
Mortgage interest	4,957	464	631	762	522
Utilities	4,371	413	558	667	460
Rental and maintenance of equipment	2,505	713	904	879	251
Printing and publications	9,200	9,291	534	836	168
Travel					
Local	3,043	1,302	3,356	6,371	1,568
Out of town	1,738			313	
Conducting conferences	7,197	13,254	337	298	3,409
Attending conferences	294	72	719	767	35
Specific assistance			313	376	
Membership dues	158	24	42		125
Miscellaneous	3,612	777	29	45	25
Fund-raising expenses	17,572	3,904			
Payments to affiliated organizations	1,980	578	610	841	214
Miscellaneous property and equipment					
Insurance	1,655	448	482	670	179
Bad debt					
Depreciation					
Total general expenses	94,698	60,388	15,115	19,507	13,186
Total functional expenses	525,629	194,533	129,838	176,611	56,549

The accompanying notes are an integral part of these statements.

Program Services							
HIVCC	PFLP	ILP	Women and Children HIV Grant	Total Program Services	Adminis-trative	1999 Total Expenses	1998 Total Expenses
$98,752	$33,058	$118,089	$22,463	$1,016,315	$28,612	$1,044,927	$946,857
11,365	4,032	20,245	1,526	117,294	8,743	126,037	112,789
6,503	3,406	8,038	1,686	75,820	1,455	77,275	68,595
116,620	40,496	146,372	25,675	1,209,429	38,810	1,248,239	1,128,241
632	2,629	1,214	38	47,115	1,749	48,864	34,491
2,371	564	3,506	424	20,853	916	21,769	16,002
1,974	158	2,074	248	16,216	986	17,202	14,824
162	606	600	19	9,081	584	9,665	7,459
1,458	263	1,893	120	12,764	1,035	13,799	12,456
841	195	1,579	73	10,024	841	10,865	11,718
741	170	1,397	61	8,838	758	9,596	8,753
772	408	1,220	145	7,797	595	8,392	4,372
577	1,159	442	343	22,550	587	23,137	12,293
1,882	228	5,146	625	23,521	519	24,040	22,610
		1,233		3,284	854	4,138	6,668
106	559	1,156	108	26,424	949	27,373	17,165
504		2,630	140	5,161	816	5,977	4,038
78,528		4,249		83,466		83,466	6,716
		250		599	660	1,259	521
141	734	85	9	5,457	2,978	8,435	5,007
				21,476	2,937	24,413	25,308
536	214	1,221		6,194	569	6,763	5,818
939		70		1,009		1,009	7,842
434	172	970	7	5,017	1,276	6,293	5,170
	27,306			27,306	24,024	51,330	17,750
					33,264	33,264	33,001
92,598	35,365	30,935	2,360	364,152	76,897	441,049	279,982
209,218	75,861	177,307	28,035	1,573,581	115,707	1,689,288	1,408,223

Family Service of Greater Baton Rouge
Statements of Cash Flows
Years Ended December 31, 1999 and December 31, 1998

	1999	1998
Cash Flows From Operating Activities		
Change in net assets	$330,528	$215,804
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	33,263	33,001
Bad debt expense	24,023	22,663
Unrealized gain on investments	(229)	
Provision for loan losses	27,306	
Decrease in accounts receivable	(131,690)	(41,790)
(Increase) decrease in loans receivable	(82,728)	128
Decrease in prepaid expenses	(7,536)	(20,936)
Increase in accounts payable	13,667	787
Increase in accrued liabilities	7,586	7,372
(Decrease) increase in program income received in advance	(43,360)	43,360
Net cash provided by operating activities	170,830	260,389
Cash Flows From Investing Activities		
Purchase of equipment	(9,338)	(12,824)
Certificates of deposit	(1,119)	
Purchase of investments	(1,032)	
Net cash used by investing activities	(11,489)	(12,824)
Cash Flows From Financing Activities		
Payments on mortgage payable	(9,535)	(8,731)
Net cash used by financing activities	(9,535)	(8,731)
Net Increase in Cash and Cash Equivalents	149,806	238,834
Cash and Cash Equivalents, beginning of year	512,121	273,287
Cash and cash Equivalents, end of year	661,927	512,121
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for Interest	$10,685	$11,718

The accompanying notes are an integral part of these statements.

Family Service of Greater Baton Rouge
Notes to Financial Statements
December 31, 1999

Note 1-Nature of Operations

The mission of Family Service of Greater Baton Rouge (the Agency) is to support, strengthen and enhance family life in greater Baton Rouge and the surrounding parishes through direct services and positive social actions. The Agency was incorporated in 1955, has been a United Way agency since 1959, and a member of Family Service America since 1962. The Agency's services range from prevention and education to tertiary intervention through case management or clinical modalities and methodologies. The Agency receives its funding through a variety of sources including United Way, service fees, contributions, state and local grants.

The Agency also offers a Pennington Family Loan Program. The Pennington Family Loan Program is an innovative program that provides small loans to low-income parents who are unable to qualify for a loan elsewhere. The purpose of the program is to help families meet expected or unexpected expenses that could interfere with their ability to remain employed or stay in school. The Pennington Family Loan Program provides loans from $500 to $3,000 for automotive purchase/repairs; child care; mortgage/rent and utilities; medical, dental and eyeglasses; job related expenses (uniforms, tools) and essential household appliances.

Note 2-Significant Accounting Policies

Basis of Accounting

The financial statements are presented using the accrual basis of accounting.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *"Financial Statements of Not-for-Profit Organizations"*. Under SFAS No. 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.

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.

Note 2-Significant Accounting Policies (Continued)

Cash and Cash Equivalents

The agency considers all highly liquid investments with a maturity of three months or less at the date of acquisition to be cash equivalents.

Investments

Investments are composed of equity securities and are carried at fair value.

Property and Equipment

The original cost of property and equipment is depreciated over the estimated useful lives of the related assets using the straight-line method.

Restrictions on Net Assets

The Agency reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions in satisfaction of program restrictions.

The Agency reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Agency reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Donations-in-Kind

Material gifts-in-kind items used in the Agency's fund raising activities (e.g., advertising, printing, prizes, etc.) are recorded as income and expense at the time of the activity.

Income Taxes

The Agency is exempt from taxation as a public charity under Section 501(c)(3) of the Internal Revenue Code and is not classified as a private foundation.

Family Service of Greater Baton Rouge
Notes to Financial Statements
December 31, 1999

Note 2-Significant Accounting Policies (Continued)

Advertising

Advertising costs are charged to operations when incurred.

Reclassifications

Certain reclassifications have been made to the 1998 financial statements to conform with classifications used in 1999. These reclassifications had no effect on net assets.

Note 3-Cash and Cash Equivalents

Cash and cash equivalents at December 31, 1999 and December 31, 1998, consisted of the following:

	1999	1998
Bank account	$34,355	$22,616
Petty cash	130	130
Money Market Account	328,179	336,495
Restricted cash	299,263	152,880
Total cash and cash equivalents	661,927	512,121

Note 4-Accounts Receivable - Grants

Accounts receivable from grants was composed of the following:

	1999	1998
Women and Children HIV Grant	$22,522	
OCS		$5,900
Adolescent Case Management Program	75,438	69,208
Independent Living Program	27,013	30,699
Care Coordination Program	83,270	14,302
HIV Hope Program	11,034	11,428
Miscellaneous	25,560	11,933
	244,837	143,470

Family Service of Greater Baton Rouge
Notes to Financial Statements
December 31, 1999

Note 5-Land, Building and Equipment

Land, building and equipment consists of the following:

	1999	1998
Building and improvements	$433,604	$433,604
Equipment	224,141	214,803
Automobiles	10,154	10,154
Less accumulated depreciation	(322,754)	(289,491)
	345,145	369,070
Land	126,527	126,527
Total land, building and equipment	471,672	495,597

Note 6-Long-Term Debt

Long-term debt at December 31, 1999 and December 31, 1998, consisted of the following:

	1999	1998
Mortgage payable, dated March 31, 1994 to Bank One, original amount $161,982, 8.75% interest, payable at $1,700 monthly with remaining balance due April 1, 2001. Secured by mortgage on land and building on Revere Avenue.	$117,129	$126,664
Less current maturity	10,702	9,808
Total long-term portion	106,427	116,856

Future maturities on long-term debt are as follows:

2000	$10,702
2001	106,427
	117,129

Note 7-Temporarily Restricted Net Assets

Temporarily restricted net assets are restricted as follows:

	1999	1998
Donor stipulation of funds not used	$11,520	$1,511
Pennington Family Loan Program (net of loan loss reserves of $24,000 in 1999)	318,524	151,369
	330,044	152,880

The temporarily restricted net assets available for the Pennington Family Loan Program are held in a money market account, the purpose of which is to continue the program. At December 31, 1999, $79,422 had been loaned. No funds were loaned out in 1998. Interest earned during the fiscal years ended December 31, 1999 and 1998 was $14,761 and $1,369, respectively.

Note 8-Net Assets Designated For Capital Improvements and Education

The Board of Directors has designated a portion of its unrestricted assets to be used for capital improvements and educational purposes. These designations are unlike donor contributions which must be used for the purpose stipulated by the donor as the board has the authority to change or reverse its own action. The designated portion of the unrestricted net assets is augmented annually by earnings of the agency's interest bearing accounts.

Changes in designated net assets for 1999 and 1998 are as follows:

	Designated Net Assets		
	Capital Improvements	Education Funds	Total Designated
Balance, January 1, 1998	$43,337	$5,000	$48,337
Interest income	16,176		16,176
Purchase of property, plant and equipment	(10,013)	___	(10,013)
Balance, December 31, 1998	49,500	5,000	54,500
Interest income	16,673		16,673
Purchase of property, plant and equipment	(9,338)	___	(9,338)
Balance, December 31, 1999	56,835	5,000	61,835

Note 9-Pension Plan - Defined Benefit

The Agency has a noncontributory defined benefit pension plan which is accounted for under SFAS No. 87, *"Employer's Accounting for Pensions"* and SFAS No. 132, *"Employers' Disclosures about Pensions and Other Postretirement Benefits"*.

Benefits under the plan are generally based on the employee's compensation during the highest five consecutive calendar years during the last ten calendar years of service before retirement. The pension plan is funded in accordance with the requirements of the Employee Retirement Income Security Act of 1974.

A reconciliation of the Plan's funded status and amounts recognized in the Agency's balance sheets at December 31, 1999 and December 31, 1998 is as follows:

	1999	1998
Benefit obligations at December 31	$655,434	$666,604
Fair value of Plan assets at December 31	(983,418)	(789,694)
Funded status	(327,984)	(123,090)
Prepaid benefit cost recognized in the Statement of Financial Position	126,746	113,093

Weighted-average assumptions as of December 31:

	1999	1998
Discount rate	7.0%	6.5%
Expected return on plan assets	9.0%	9.0%
Rate of compensation increase	5.5%	5.5%
Benefit cost	$21,027	$20,507

A change in the discount rate decreased the pension benefit obligation by $37,679.

In addition to pension benefits, the entity provides employees an opportunity to participate in a deferred compensation plan offered through Mutual of America. The entity does not guarantee those benefits. This plan is between Mutual of America and the employee and the entity serves only in an agency capacity.

Note 10-Pension Plan - Defined Contribution

The Agency has a defined contribution plan subject to Section 403(b) of the Internal Revenue Code. The plan covers substantially all of its employees who meet eligibility requirements. Contributions to the plan are based on 25% of the first 6% of the amount of the salary reduction of each employee. The amounts of pension expense under this plan were $7,520 and $5,729 for the years ended December 31, 1999 and 1998, respectively.

Note 11-Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefitted based on records and estimates made by the Agency's management.

Note 12-Concentration of Credit Risk

Concentration of credit risk with respect to service fees is limited to the Baton Rouge, Louisiana area. As a result, the Agency is subject to the credit risk associated with the local economy in respect to service fees.

The major sources of funding are from United Way, and contracts with the State of Louisiana. Loss of any of these funding sources could adversely affect the Agency's operating results.

Grant receivables are due from federal and state agencies.

At various times during the year, cash and cash equivalents on deposit with one banking institution exceeded the $100,000 insured by the Federal Deposit Insurance Corporation. Management monitors the financial condition of the institution on a regular basis, along with its balances in cash and cash equivalents, to minimize potential risk.

Supplementary Information

HAWTHORN, WAYMOUTH & CARROLL, L.L.P.

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May 18, 2000

Independent Auditor's Report on Schedule of Federal and State Awards

Board of Directors
Family Service of Greater Baton Rouge
Baton Rouge, Louisiana

Members of the Board:

We have audited the financial statements of the Family Service of Greater Baton Rouge, as of and for the year ended December 31, 1999, and have issued our report thereon dated May 18, 2000. These financial statements are the responsibility of the Family Service of Greater Baton Rouge's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit 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 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 basic 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.

Our audit was made for the purpose of forming an opinion on the basic financial statements of the Family Service of Greater Baton Rouge taken as a whole. The accompanying Schedule of Federal and State Awards is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information in that Schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

Yours truly,

Hawthorn, Waymouth & Carroll, L.L.P.

Family Service of Greater Baton Rouge
Schedule of Federal and State Awards
Year Ended December 31, 1999

Note 1-Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal and state grant activity of the Family Service of Greater Baton Rouge and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations". Therefore, some amounts presented in this schedule may differ form amounts presented in or used in the preparation of the basic financial statements.

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Contract Number	Disbursements/ Expenditures
Department of Health and Human Services/Louisiana Department of Health and Hospitals:			
Teen Advocate Program	13.994		$129,838
First Time Parents	13.994		176,611
HIV Hope Program	93.939		56,549
Care Coordination Program	93.915		209,218
			572,216
Department of Health and Human Services/Louisiana Department of Social Services:			
Independent Living Program* Contract A and B	93.674	370-9716	177,307
Department of Health and Human Services/Louisiana Department of Social Services/ Office of Community Services:			
Women and Children HIV Grant	93.153		28,035
Total			777,558

*Denotes major program

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May 18, 2000

Report on Compliance and on Internal Control over Financial Reporting based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

Board of Directors
Family Service of Greater Baton Rouge
Baton Rouge, Louisiana

Members of the Board:

We have audited the financial statements of the Family Service of Greater Baton Rouge as of and for the year ended December 31, 1999, and have issued our report thereon dated May 18, 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 the Family Service of Greater Baton Rouge'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 the Family Service of Greater Baton Rouge'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. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to signification deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Agency's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 99-1 and 99-2.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are considered to be material weaknesses. However, we believe that none of the reportable conditions described above is a material weakness.

This report in intended for the information of the Board of Directors, management, the Louisiana Legislative Auditor and federal awarding agencies and pass-through entities.

Yours truly,

Hawthorn, Waymouth & Carroll, L.L.P.

HAWTHORN, WAYMOUTH & CARROLL, L.L.P.

J. CHARLES PARKER, C.P.A.
LOUIS C. McKNIGHT, III, C.P.A.
ANTHONY J. CRISTINA, III, C.P.A.
CHARLES R. PEVEY, JR., C.P.A.
DAVID J. BROUSSARD, C.P.A.

CERTIFIED PUBLIC ACCOUNTANTS
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(225) 923-3000 • FAX (225) 923-3008

May 18, 2000

Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance In Accordance with OMB Circular A-133

Board of Directors
Family Service of Greater Baton Rouge
Baton Rouge, Louisiana

Members of the Board:

Compliance

We have audited the compliance of the Family Service of Greater Baton Rouge with the types of compliance requirements described in the "U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement" that are applicable to each of its major federal programs for the year ended December 31, 1999. Family Service of Greater Baton Rouge's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of management. Our responsibility is to express an opinion on the Family Service of Greater Baton Rouge's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted audited standards; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations". Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit included examining, on a test basis, evidence about the Family Service of Greater Baton Rouge's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Family Service of Greater Baton Rouge's compliance with those requirements.

In our opinion, Family Service of Greater Baton Rouge complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 1999.

Internal Control Over Compliance

The management of the Family Service of Greater Baton Rouge is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Family Service of Greater Baton Rouge's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control 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 noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program 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 compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of the Board of Directors, management, the Louisiana Legislative Auditor and federal awarding agencies and pass-through entities.

Yours truly,

Hawthorn, Waymouth & Carroll, L.L.P.

Family Service of Greater Baton Rouge
Schedule of Findings
Year Ended December 31, 1999

Findings - Financial Statement Audit

99-1 Bank Reconciliations

The Agency did not prepare timely adjustments to the general ledger pertaining to bank reconciliations. We recommend that the Agency prepare these adjustments to the general ledger in order to obtain accurate financial statements.

Management's Response

The Executive Committee concurs that bank reconcilations need to be more timely. The Agency will attend to completion of reconciliations within the month following the prior month of financial activity.

99-2 Accounts Receivable

Accounts receivable subsidiary ledgers are not being reconciled to the general ledger. We recommend that the subsidiary ledgers and the general ledger be reconciled in a timely manner.

Management's Response

The Committee concurs that accounts receivable ledgers should be reconciled with the general ledger. The Agency will attend to reconciliation of subsidiary ledgers to the general ledger in a timely manner.

HAWTHORN, WAYMOUTH & CARROLL, L.L.P.

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May 18, 2000

Schedule on Audit Findings and Questioned Costs Applicable to Each Major Program In Accordance with OMB Circular A-133

Board of Directors
Family Service of Greater Baton Rouge
Baton Rouge, Louisiana

Members of the Board:

We have audited the financial statements of the Family Service of Greater Baton Rouge, as of and for the year ended December 31, 1999, and have issued our report thereon dated May 18, 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.

Schedule on Audit Findings and Questioned Costs as Required by Circular A-133 Subpart E §505(a)(4)(b) Department of Health and Human Services, C.F.D.A.# 93.674.

(1) The above mentioned audit report contained an unqualified opinion.
(2) Our audit report did not disclose any material weaknesses or other conditions in internal control which are required to be reported under OMB Circular A-133.
(3) We issued an unqualified report on compliance for major programs.
(4) Our audit report did not disclose any material weaknesses or other conditions in internal control over major programs which are required to be reported by OMB Circular A-133.
(5) Our audit report did not disclose any material noncompliance in major programs, as described in §.510(a)(2).
(6) Our audit did not disclose any questioned costs, as described in §.510(a)(3).
(7) The major program was identified as the Independent Living Program.
(8) The dollar threshold used to distinguish between Type A and Type B programs was $300,000.
(9) The auditee does qualify as a low risk auditee under §.530.

This report in intended for the information of the Board of Directors, management, federal awarding agencies and pass-through entities.

Yours truly,

Hawthorn, Waymouth & Carroll, L.L.P.