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To the Louisiana

General Assembly
commencing with the
year 1968 and Public
Law 10-1000

FAMILY COUNSELING SERVICES OF MONTEITHOMES, INC.

ANNUAL FINANCIAL REPORT

DECEMBER 31, 1968

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the auditor, 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.

Revised Date: APR. 06, 1967

Family Counseling Services of Philadelphia, Inc.
Annual Financial Report
December 31, 1996

TABLE OF CONTENTS

	Exhibit	Page
Independent Auditors' Report on the Financial Statements	—	i
Financial Statements		
Balance Sheet	A	3
Statement of Revenues, Expenses, and Changes in Retained Earnings—Actual	B	4
Statement of Revenues—Actual	C	5
Statement of Expenses—Actual	D	6
Statement of Changes in Retained Earnings	E	7
Statement of Cash Flows	F	8
Notes to Financial Statements	—	10-11
Internal Control and Compliance		
Independent Auditors' Report on the Internal Control Structure	G-1	12-14
Independent Auditors' Report on Compliance	G-2	15

Johnson, Thomas & Cunningham

Chartered Public Accountants

One of the Offices of the Firm (Regional Offices) (Successors)

One of the Offices of the Firm (Regional Offices)

One of the Offices of the Firm (Regional Offices)

200 South 4th

Metairie, Louisiana 70002

Phone: 833-2400

Telex: 350013 JTC

To the Stockholders of
Family Counseling Services of Natchitoches, Inc.

We have audited the balance sheet of Family Counseling Services of Natchitoches, Inc., as of December 31, 1996, and the related statements of income, changes in retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Corporation'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. 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 1996 financial statements referred to above present fairly, in all material respects, the financial position of Family Counseling Services of Natchitoches, Inc. as of December 31, 1996 and the results of its operations, changes in retained earnings and cash flows for the year then ended in conformity with generally accepted accounting principles.

Johnson, Thomas & Cunningham
One of the Offices of the Firm (Regional Offices)

July 25, 1997

Natchitoches, Louisiana

FINANCIAL STATEMENTS

Family Counseling Services of Manhattan, Inc.
Balance Sheet
December 31, 1999

ASSETS

Current Assets-	
Cash	\$27,533
Revenues Receivable	23,868
Total Current Assets	\$51,401
Fixed Assets-	
Office Furniture & Equipment	\$19,881
Less, Accumulated Depreciation	(4,892)
Total Fixed Assets	\$14,989
Total Assets	\$66,390

Liabilities & Retained Earnings

Liabilities-	
Accounts Payable	\$ 3,452
Retained Earnings-	
Unreserved	\$1,721
Total Liabilities & Retained Earnings	\$51,401

See notes to financial statements.

Family Counseling Services of Manhattan, Inc.
Statement of Revenue, Expenditures and Changes in Retained Earnings—Actual
Year Ended December 31, 1998

REVENUES:	
Governmental	\$151,993
Charges For Services	194,213
Total Revenues	\$346,206
EXPENDITURES:	
Current—	
Administrative & General	\$267,183
Office Operation	38,979
Capital Assets Cost	11,995
NSLI Contract	6,208
Total Expenditures	\$324,365
Excess (Deficiency) of Revenues over Expenditures	\$ 21,841
Retained Earnings—Beginning of Year	—27,817
Retained Earnings—End of Year	\$ 14,024

See notes to financial statements.

Family Counseling Services of Pocatello, Inc.
Statement of Revenues-Actual
Year Ended December 31, 1995

	<u>Actual</u>
REVENUES:	
Governmental-	
State of Louisiana-DMH	\$ 68,517
Northwestern State University	95,076
Total Governmental	\$163,593
Charges for Services-	
Cost of Care	159,213
Total Revenues	\$322,806

See notes to financial statements.

Family Counseling Services of Manhattan, Inc.
 Statement of Expenditures- Actual
 Year Ended December 31, 1998

	Actual
EXPENSES:	
Administrative & General-	
Salaries	\$198,694
Payroll Taxes	18,605
Administrative Expenses	7,854
Advertising	345
Insurance	2,965
Office Expenses	12,609
Professional Services	1,999
Books & Subscriptions	462
Telephone	2,962
Training	687
Travel	12,244
Miscellaneous	229
Total	<u>\$267,182</u>
Office Operations-	
Outside Services	\$ 11,762
Rent-Building	14,925
Repairs-Furniture & Equipment	954
Supplies	888
Utilities	8,126
Total	<u>\$ 38,655</u>
Capital Assets Cost-	
Depreciation-Furn. & Equip.	\$ 18,577
Lease-Furniture & Equip.	1,018
Total	<u>\$ 19,595</u>
MSM Contract-	
Expenses	\$ 6,200
Total Expenditures	<u>\$311,892</u>

See notes to financial statements.

Family Counseling Services of Nashua, Inc.
Statement of Changes in Retained Earnings
Year Ended December 31, 1996

	Total
Retained Earnings at December 31, 1995	\$27,817
Net Income for the Year	23,896
Retained Earnings at December 31, 1996	\$51,713

See notes to financial statements.

Family Counseling Services of Northbrook, Inc.
Statement of Cash Flows
For the Year Ended December 31, 1996

Cash Flows from Operating Activities:	
Net Income	\$ 23,858
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:	
Depreciation	\$ 18,577
Increase in Accounts Receivable	(23,886)
Increase in Accounts Payable	1,824
Total Adjustments	(13,515)
Net Cash Provided by (Used in) Operating Activities	\$ 12,941
Cash Flows from Investing Activities:	
Equipment Purchases	\$ (9,361)
Net Cash Provided by (Used in) Investing Activities	14,781
Cash Flows from Financing Activities:	
Net Cash Provided by (Used in) Financing Activities	_____
Net Increase (Decrease) in Cash During the Year	\$ (2,228)
Cash and Cash Equivalents at the Beginning of the Year	26,555
Cash and Cash Equivalents at the End of the Year	\$ 23,327

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

Family Counseling Services of Natchitoches, Inc.
Notes to Financial Statements
December 31, 1996

1. ORGANIZATION:

Family Counseling Services of Natchitoches, Inc., was incorporated as a Sub-chapter S Corporation on October 1, 1993 under the laws of the State of Louisiana for the purpose of offering counseling services for individual consumers with mental health problems. The sole shareholder of the corporation is Yvonne Scott. Ms. Scott receives 100% of the profits or losses that occur.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Cash:

At December 31, 1996, cash and cash investments totaled \$27,525. Bank account balances at December 31, 1996 totaled \$28,218. Of the amounts held in commercial banks, one hundred percent was covered by federal depository insurance.

Property and Equipment:

All property and equipment are shown at cost. Depreciation is calculated using the straight-line method based on the estimated useful lives of the assets. Accumulated depreciation at December 31, 1996 was \$34,897.

Income Taxes:

The Corporation has elected to be taxed under the provisions of Sub-chapter S of the Internal Revenue Code. Under these provisions, the Corporation does not pay federal corporate income taxes on its taxable income. Instead, the stockholders are liable for individual federal income taxes on their respective shares of stock.

Cash Equivalents:

For purposes of the statement of cash flows, cash equivalents include all highly liquid deposits and debt instruments acquired with maturities of three months or less.

3. GENERAL FINANCIAL STATEMENT DISCLOSURES:

Nature of Operations:

To provide intensive in-home, in-school, and community-based services to rural office of mental health consumers and their families to prevent out-of-home residential/institutional placement of youth and adults in need of more intensive services than are available at local mental health clinics/centers.

Family Counseling Services of Matchless, Inc.
Notes to Financial Statements
December 31, 1986

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 these estimates.

Lease Commitments:

Family Counseling Services of Matchless, Inc. leases a building from Joe Theodorson. The lease consideration consists of a fixed amount paid monthly for occupation of the building. Management feels that this lease will continue.

INTERNAL CONTROL AND COMPLIANCE

Johnson, Thomas & Cunningham

Chartered Public Accountants

Exhibit G-1

Page 13

John S. Johnson, CPA, A. of Professional Registration (Successor)

Paul W. Thomas, CPA, A. of Professional Registration

Ray A. Cunningham, CPA, A. of Professional Registration

2000 River Street

Metairie, Louisiana 70002

(504) 885-6637

TE: (504) 885-6637

INTERIM FINANCIAL AUDITORS' REPORT ON THE INTERNAL CONTROL STRUCTURE

To the Stockholders of
Family Counseling Services of Natchitoches, Inc.

We have audited the financial statements of Family Counseling Services of Natchitoches, Inc., Natchitoches, Louisiana, as of and for the year ended December 31, 1996, and have issued our report thereon dated June 23, 1997.

We conducted our audit in accordance with generally accepted auditing standards. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements contained by our report are free of material misstatement.

The management of Family Counseling Services of Natchitoches, 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, and that transactions are recorded 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 the 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 audit of the financial statements of Family Counseling Services of Natchitoches, Inc. for the year ended December 31, 1996, 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 assurance on the internal control structure. Accordingly, we do not express such an opinion.

We noted certain matters involving the internal control structure and its operations that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

Lack of Separation of Duties

Finding:

Due to a lack of personnel, there is no separation of duties for accounting purposes. This lack of separation constitutes a material weakness in internal control.

Recommendation:

Since the cost of an internal control system should not outweigh the benefits, we cannot recommend additional personnel and thus have no recommendation in this area.

A material weakness is a reportable 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.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above.

This report is intended solely for the use of management and those other governmental entities from which financial assistance was received and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report.


Sherman, Thomas & Cunningham, CPAs

June 23, 1997
Marrichien, Louisiana

Johnson, Thomas & Cunningham
Chartered Public Accountants

Exhibit 11.7
Page 15

John T. Jones, CPA, A Certified Public Accountant

Paul D. Thomas, CPA, A Certified Public Accountant

Ray E. Cunningham, CPA, A Certified Public Accountant

*1000 Bienville Avenue
Metairie, Louisiana 70002
(504) 885-6600
TELETYPE (504) 885-6607*

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE

To the Stockholders of
Family Counseling Services of Natchitoches, Inc.
Natchitoches, Louisiana

We have audited the financial statements of Family Counseling Services of Natchitoches, Inc. as of and for the year ended December 31, 1998, and have issued our report thereon dated June 25, 1999.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements being audited are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to Family Counseling Services of Natchitoches, Inc. is the responsibility of the Company's management. As part of obtaining reasonable assurance about whether the aforementioned financial statements are free of material misstatement, we performed tests of the Company's compliance with certain provisions of laws, regulations, contracts and grants. However, our objective 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 with Family Counseling's grants that we required to be reported.

This report is intended for the information of management. This restriction is not intended to limit the distribution of this report.

Johnson, Thomas & Cunningham
Johnson, Thomas & Cunningham, CPAs

June 25, 1999
Natchitoches, Louisiana