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Family Service of Greater Baton Rouge  
Baton Rouge, Louisiana  
December 31, 1954

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Release Date APR 16 1987

With respect to the items issued, the results of our procedures disclosed no material instances of noncompliance with the requirements listed in the preceding paragraph. With respect to items not issued, nothing came to our attention that caused us to believe that Family Service of Greater Baton Rouge had not complied, in all material respects, with those requirements.

This report is intended for the information of the Board of Directors, management, the Louisiana Legislative Auditor, and the U. S. Department of Health and Human Services.

Yours truly,

*Hawthorn, Haysworth & Powell, P.C.P.*

**Family Service of Greater Baton Rouge  
Baton Rouge, Louisiana**

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February 17, 1997

**Report on Internal Control Structure Used in  
Administering 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

**Family Service of Greater Baton Rouge  
Baton Rouge, Louisiana**

as of and for the year ended December 31, 1996, and have issued our report thereon dated February 17, 1997. We have also audited Family Service of Greater Baton Rouge's compliance with requirements applicable to major federal programs, and have issued our report thereon dated February 17, 1997.

We conducted our audits in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States, and Office of Management and Budget (OMB) Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Institutions." These standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and about whether Family Service of Greater Baton Rouge complied with laws and regulations, noncompliance with which would be material to a major federal program.

In planning and performing our audits of the Family Service of Greater Baton Rouge for the year ended December 31, 1996, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on Family Service of Greater Baton Rouge's financial statements and on its compliance with requirements applicable to major programs and to report on the internal control structure in accordance with OMB Circular A-133. This report addresses our consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal programs. We have addressed policies and procedures relevant to our audit of the financial statements in a separate report dated February 17, 1997.

The management of Family Service of Greater Baton Rouge 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, and that federal awards programs are managed in compliance with applicable laws and regulations. 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.

For the purpose of this report, we have classified the significant internal control structure policies and procedures used in administering federal programs in the following categories:

Accounting Controls	General Requirements	Specific Requirements
General Ledger	Political	Eligibility
Cash Receipts	Delta Bacon Act	Matching
Accounts Receivable	Civil Rights	Level of Effort
Purchasing and Receiving	Cash Management	Benchmarking
Cash Disbursements	Federal Financial Reports	Reporting Claims for Advances
Accounts Payable	Allowable Costs/Cost Principles	Reimbursements
Payroll	Drug Free Workplace Administrative Requirements	

For all of the internal control structure categories listed above, 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.

During the year ended December 31, 1996, Family Service of Greater Baton Rouge expended 87 per cent of its total federal awards under major programs.

We performed tests of controls, as required by OMB Circular A-133, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we considered relevant to preventing or detecting material noncompliance with specific requirements; general requirements; and requirements governing claims for advances and reimbursements and amounts claimed or used for matching that are applicable to each of the organization's major programs, which are identified in the accompanying schedule of federal awards. Our procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure policies and procedures used in administering federal awards would not necessarily disclose all matters in the internal control structure that might constitute 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 noncompliance with laws and regulations that would be material to a federal awards program 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.

This report is intended for the information of the Board of Directors, management, the Louisiana Legislative Auditor, and the U. S. Department of Health and Human Services.

Yours truly,

*Hamilton, Haysmuth + Carroll, P.C.*

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



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February 17, 1997

**Report on Compliance With Laws, Regulations,  
Contracts and Grants Based on an Audit of  
Financial Statements Performed in Accordance With GASB**

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

Members of the Board:

We have audited the financial statements of

**Family Service of Greater Baton Rouge  
Baton Rouge, Louisiana**

as of and for the year ended December 31, 1996, and have issued our report thereon dated February 17, 1997.

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

Compliance with laws, regulations, contracts, and grants applicable to Family Service of Greater Baton Rouge is the responsibility of Family Service of Greater Baton Rouge's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of Family Service of Greater Baton Rouge's compliance with certain provisions of laws, regulations, contracts, and grants. However, providing an opinion on overall compliance with such provisions was not an objective of our audit of the financial statements. Accordingly, we do not express such an opinion.

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

This report is intended for the information of the Board of Directors, management, the Louisiana Legislative Auditor, and the U. S. Department of Health and Human Services.

Yours truly,

*Heathorn, Plymouth • Carroll, D. D.*



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February 17, 1997

**Independent Auditor's Opinion on Compliance With  
Specific Requirements Applicable to Major Programs**

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

**Members of the Board:**

We have audited the financial statements of

**Family Service of Greater Baton Rouge  
Baton Rouge, Louisiana**

as of and for the year ended December 31, 1996, and have issued our report thereon dated February 17, 1997.

We have also audited Family Service of Greater Baton Rouge's compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or cost-sharing; reporting; claims for advances and reimbursements; special tests and provisions; and amounts claimed or used for matching that are applicable to each of its major federal programs, which are identified in the accompanying schedule of federal and state awards, for the year ended December 31, 1996. The management of Family Service of Greater Baton Rouge is responsible for Family Service of Greater Baton Rouge's compliance with these requirements. Our responsibility is to express an opinion on compliance with these requirements based on our audit.

We conducted our audit of compliance with these requirements in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, "Audit of Institutions of Higher Education and Other Nonprofit Institutions." These standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about Family Service of Greater Baton Rouge's compliance with these requirements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, Family Service of Greater Baton Rouge complied, in all material respects, with the requirements governing types of services allowed or disallowed; eligibility; matching; level of effort; or earmarking; reporting; claims for advances and reimbursements; special tests and provisions; and amounts claimed or used for matching that are applicable to each of its major federal programs for the year ended December 31, 1996.

This report is intended for the information of the Board of Directors, management, the Louisiana Legislative Auditor, and the U. S. Department of Health and Human Services.

Yours truly,

*Lawrence H. Haysworth, Jr., C.I.A., C.F.A.*

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February 17, 1997

**Report on Compliance With General Requirements**

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

Members of the Board:

We have audited the financial statements of

**Family Service of Greater Baton Rouge  
Baton Rouge, Louisiana**

as of and for the year ended December 31, 1996, and have issued our report thereon dated February 17, 1997.

We have applied procedures to test Family Service of Greater Baton Rouge's compliance with the following requirements applicable to each of its federal programs, which are identified in the accompanying schedule of federal and state awards for the year ended December 31, 1996:

Political Activity  
Davis Bacon Act  
Civil Rights  
Cash Management  
Federal Financial Reports  
Allowable Costs/Cost Principles  
Drug Free Workplace  
Administrative Requirements

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February 17, 1997

**Report on Compliance With Specific  
Requirements Applicable to Nonmajor Program Transactions**

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

Members of the Board:

We have audited the financial statements of

**Family Service of Greater Baton Rouge  
Baton Rouge, Louisiana**

as of and for the year ended December 31, 1996, and have issued our report thereon dated February 17, 1997.

In connection with our audit of the financial statements of Family Service of Greater Baton Rouge and with our consideration of Family Service of Greater Baton Rouge's internal control structure used to administer federal programs, as required by the Office of Management and Budget (OMB) Circular A-133, "Audit of Institutions of Higher Education and Other Nonprofit Institutions," we selected certain transactions applicable to certain nonmajor federal programs for the year ended December 31, 1996. As required by OMB Circular A-133, we performed auditing procedures to test compliance with the requirements governing types of services allowed or unallowed and eligibility that are applicable to these transactions. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on Family Service of Greater Baton Rouge's compliance with these requirements. Accordingly, we do not express such an opinion.

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February 17, 1997

**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

**Family Service of Greater Baton Rouge  
Baton Rouge, Louisiana**

as of December 31, 1996 and December 31, 1995, and the related statements of unrestricted revenue, expenses and changes in unrestricted 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 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 misstatements. 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, 1996 and December 31, 1995, and the results of its operations and changes in net assets for the years then ended in conformity with generally accepted accounting principles.

HENTON, WATROUTH & CARROLL, L.L.P.



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February 17, 1997

**Report on the Internal Control Structure Based on an  
Audit of Financial Statements Performed in Accordance with GAS**

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

Members of the Board:

We have audited the financial statements of

**Family Service of Greater Baton Rouge  
Baton Rouge, Louisiana**

as of and for the year ended December 31, 1996, and have issued our report thereon dated February 17, 1997.

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.

The management of Family Service of Greater Baton Rouge is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgment 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 procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

Our procedures were limited to the applicable procedures described in the Office of Management and Budget's Compliance Supplement For Audits of Institutions of Higher Learning and Other Nonprofit Institutions. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on Family Service of Greater Baton Rouge's compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of our procedures disclosed no material instances of noncompliance with the requirements listed in the second paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that Family Service of Greater Baton Rouge had not complied, in all material respects, with those requirements. However, the results of our procedures disclosed an immaterial instance of noncompliance with the requirements referred to above that we have communicated to the management of the Family Service of Greater Baton Rouge in a separate letter dated February 17, 1987.

This report is intended for the information of the Board of Directors, management, the Louisiana Legislative Auditors, and the U. S. Department of Health and Human Services.

Yours truly,

*Robert W. Maymuth + Carroll L. Bell*

**Family Service of Greater Baton Rouge**  
**Notes to Financial Statements**  
**December 31, 1996**

**Note 7-Pension Plan - Defined Benefit (Continued)**

**C. Eligibility for Participation**

Former participants of any plan of Mutual of America are eligible immediately if over age 21. If not a former participant, eligible after one year of service and attainment of age 21.

**D. Amount of Retirement Income**

The amount of yearly retirement income at age 65 equals 1 percent of the final average salary times credited service (no maximum), plus 1/2 percent of any excess of the final average salary over the social security average yearly wage times credited service (maximum 25 years) offset by all amounts accrued under any prior plan underwritten by Mutual of America. Credited service (years and 1/12ths) is defined to be service as a participant under any plan of the employer after meeting the eligibility requirements. Service prior to employee's enrollment date shall be excluded for any employee who failed to become a participant when first eligible.

**E. Vesting at Termination of Employment**

If a participant terminates his employment after 3 years of service he will receive retirement income, beginning at age 65, or earlier retirement date, if elected, based on his years of service and compensation prior to his termination of employment.

**F. Normal Retirement Date**

Participants may retire on the first day of the month coincident with or next following their 65th birthday.

**G. Early Retirement**

Participants may retire between ages 55 and 65. Benefits are reduced 1/15 for each of the five years prior to the normal retirement date and 1/30 for each of the next five years.

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 these benefits. This plan is between Mutual of America and the employee and the entity serves only in an agency capacity.



Program Services

<u>Independent Living Program</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>1996</u>	<u>1995</u>
\$97,807	\$747,789	\$19,523	\$357,316	\$810,948
3,867	48,438	6,934	46,764	35,817
15,171	100,601	3,750	104,694	90,199
<u>7,358</u>	<u>58,099</u>	<u>2,185</u>	<u>60,234</u>	<u>62,628</u>
<u>121,303</u>	<u>948,189</u>	<u>30,798</u>	<u>578,808</u>	<u>998,992</u>
717	4,386	141	4,697	3,313
1,962	13,434	1,146	14,578	10,575
1,927	9,211	329	9,540	9,808
3,205	5,290	1,304	6,594	11,108
341	7,344	400	7,745	6,108
364	14,025	253	14,278	28,093
1,546	32,407	389	32,806	32,164
3,840	18,336	577	18,913	13,363
1,832	13,145	676	13,821	13,069
5,819	46,886	1,477	48,363	44,874
1,110	8,373	272	8,644	9,578
2,669	12,655	499	13,154	13,686
	<u>9,813</u>	<u>31,683</u>	<u>31,625</u>	<u>28,674</u>
			<u>9,813</u>	<u>8,188</u>
<u>24,332</u>	<u>189,394</u>	<u>38,079</u>	<u>282,583</u>	<u>234,609</u>
<u>146,035</u>	<u>1,141,693</u>	<u>68,877</u>	<u>1,211,371</u>	<u>1,233,601</u>

Family Service of Greater Baton Rouge  
 Statements of Cash Flows  
 Years Ended December 31, 1996 and December 31, 1995

	1996	1995
<b>Cash Flows From Operating Activities</b>		
Change in Net Assets	\$29,673	\$33,332
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	31,635	28,634
(Increase) decrease in accounts receivable	37,288	(20,632)
(Increase) decrease in prepaid expenses	(12,533)	(21,374)
Increase (decrease) in accounts payable	(5,311)	6,135
<b>Net cash provided by operating activities</b>	<b>80,780</b>	<b>26,085</b>
<b>Cash Flows From Investing Activities</b>		
Purchase of equipment	(23,580)	(33,175)
<b>Net cash used by investing activities</b>	<b>(23,580)</b>	<b>(33,175)</b>
<b>Cash Flows From Financing Activities</b>		
Payments on mortgage payable	(7,285)	(6,394)
<b>Net cash used by financing activities</b>	<b>(7,285)</b>	<b>(6,394)</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>49,915</b>	<b>(13,484)</b>
Cash and Cash Equivalents, beginning of year	173,923	189,351
<b>Cash and cash equivalents, end of year</b>	<b><u>223,838</u></b>	<b><u>175,867</u></b>

The accompanying notes are an integral part of these statements.

**Family Service of Greater Baton Rouge**  
**Notes to Financial Statements**  
**December 31, 1996**

**Note 4-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 1996 and 1995 are as follows:

	<u>Designated Net Assets</u>		
	<u>Capital Improvements</u>	<u>Education Funds</u>	<u>Total Designated</u>
Balance, January 1, 1995	\$96,454	\$3,000	\$101,454
Interest income	6,722		6,722
Purchase of property, plant and equipment	(33,173)	—	(33,173)
Balance, December 31, 1995	69,977	3,000	74,977
Interest income	8,695		8,695
Purchase of property, plant and equipment	(27,902)	—	(27,902)
Balance, December 31, 1996	<u>\$50,770</u>	<u>3,000</u>	<u>\$53,770</u>

HAYTHORN, WAYMOUTH & CARROLL, L.L.P.



CERTIFIED PUBLIC ACCOUNTANTS

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February 17, 1997

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DORA L. JEFFREY, D.D.S.  
J. JAMES W. PIERCE, D.D.S.  
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RECEIVED  
FEBRUARY 17 1997  
FEDERAL BUREAU OF INVESTIGATION  
U.S. DEPARTMENT OF JUSTICE

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

Members of the Board:

In connection with our audit of the Family Service of Greater Baton Rouge, we have applied procedures to test the agency's compliance with general requirements applicable to each of its federal programs, which are identified in the schedule of federal awards for the year ended December 31, 1996.

With respect to the items tested, the results of our procedures disclosed immaterial instances of noncompliance with the general requirements. These immaterial instances of noncompliance are as follows:

**Duplicated Cost**

The Independent Living Program June expenditures per the general ledger do not equal the expenditures reported on the June cost report submitted to ILP. The difference of \$487.93 is due to a purchase entered twice when preparing the supporting schedule for the June ILP cost report.

This instance of noncompliance has already been discussed with various personnel associated with the Federal programs. If you need further information, please feel free to contact us.

Yours truly,

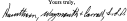
*Haythorn, Waymouth & Carroll, L.L.P.*

In planning and performing our audit of the financial statements of Family Service of Greater Baton Rouge 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 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.

This report is intended for the information of the Board of Directors, management, the Legislative Auditor, and the U. S. Department of Health and Human Services.

Yours truly,



Family Service of Greater Baton Rouge  
Notes to Financial Statements  
December 31, 1996

**Note 4-Land, Building and Equipment**

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

Land, building and equipment consists of the following:

	1996	1995
Building and improvements	\$453,105	\$431,344
Equipment	197,184	170,644
Automobiles	11,982	11,862
	643,258	613,757
Less accumulated depreciation	(318,512)	(265,862)
	324,746	347,895
Land	126,322	126,322
<b>Total land, building and equipment:</b>	<b><u>451,068</u></b>	<b><u>474,217</u></b>

**Note 5-Long-Term Debt**

Long-term debt at December 31, 1996 and December 31, 1995, consisted of the following:

	1996	1995
Mortgage payable, dated March 31, 1994 to Premier Bank, National Association, 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 River Avenue.	\$143,382	\$150,677
Less current maturity	(8,320)	(7,521)
<b>Total long-term portion</b>	<b><u>135,062</u></b>	<b><u>143,156</u></b>

Future maturities on long-term debt are as follows:

1997	\$8,239
1998	8,889
1999	9,808
2000	10,702
2001	125,654
	<b><u>163,292</u></b>

**Family Service of Greater Baton Rouge**  
**Notes to Financial Statements**  
**December 31, 1996**

**Note 1-Nature of Operations**

Family Service of Greater Baton Rouge (formerly Family Counseling Service of East Baton Rouge Parish, Inc.) is a nonprofit organization which receives the majority of its revenues from United Way and other grants. The agency was established in October, 1956 to provide counseling services to individuals and families.

**Note 2-Significant Accounting Policies**

**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 Company is subject to the credit risk associated with the local economy in respect to service fees.

Grant receivables are due from federal and state agencies.

**Income Taxes**

The agency is exempt from taxation as a public charity under Section 501(c)(3) of the Internal Revenue Code.

**Basis of Accounting**

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

**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 restriction.

**Family Service of Greater Baton Rouge**  
**Notes to Financial Statements**  
**December 31, 1996**

**Note 3-Pension Plan - Defined Benefits (Continued)**

Net pension cost for 1996 and 1995 included the following components:

	<b>1996</b>	<b>1995</b>
Service cost - benefits earned during the period	\$46,437	\$38,940
Interest cost on projected benefit obligation	34,334	30,591
Actual return on plan assets	(34,348)	(33,668)
Net amortization and deferral	(23,471)	(21,185)
<b>Net periodic pension cost</b>	<b>22,052</b>	<b>14,778</b>

The weighted average discount rate and rate of increase in future compensation levels used in determining the actuarial present value of the projected benefit obligation were 7.5 percent and 6 percent. The expected long-term rate of return on assets was 8 percent.

**B. Actuarial Method and Assumptions**

**Actuarial Methods**

Retirement and death benefits - disability annuity credits      Aggregate cost method and year term cost.

**Assumptions**

Retirement age      Age 65. For employees over 65, immediate retirement is assumed.

**Mortality rates**

Before retirement      1983 Group Annuity Mortality Table for males projected to 1988 by Scale H and set back 4 years for males and females with 7 1/2 percent interest and loading 2.5 percent of cost. Four percent cost of living on benefits accrued before July 1, 1994.

**Interest rate**

7.50 percent per year, net after fund charge.



In accordance with Government Auditing Standards, we have also issued a report dated February 17, 1997, on our consideration of Family Service of Greater Boston Stage's internal control structure, and a report dated February 13, 1997 on its compliance with laws and regulations.

Yours truly,

*Huntton, Maynard & Corvill, P.C.*

### Supplementary Information

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FELLOW AICPA  
LEONARD B. CARROLL, CPA  
FELLOW AICPA  
MEMBERSHIP: 0001, 0114  
0115, 0116

February 17, 1997

**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 Family Service of Greater Baton Rouge, as of and for the year ended December 31, 1996, and have issued our report thereon dated February 17, 1997. These financial statements are the responsibility of 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. These 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 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, Warmouth, & Carroll, L.L.P.*

**Family Service of Greater Baton Rouge  
Schedule of Federal and State Awards  
Year Ended December 31, 1986**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass- Through Grantor's Contract Number</u>	<u>Disbursements/ Expenses</u>
<b>Department of Health and Human Services'</b>			
<b>Louisiana Department of Health and Hospitals'</b>			
<b>Adolescent Case Management Program:</b>			
Maternal and Child Health - Teen Advocate Program (85-96)	13-964		\$48,560
Maternal and Child Health - Teen Advocate Program (86-97)	13-964		37,947
Maternal and Child Health - Region II (85-96)	13-964		28,677
Family Planning Program (85-96)	13-964		39,833
Family Planning Program (86-97)	13-964		37,590
First Time Parents (85-96)	13-964		61,488
First Time Parents (86-97)	13-964		31,156
<b>Subtotal</b>			<b>302,698</b>
<b>Department of Health and Human Services'</b>			
<b>Louisiana Department of Social Services:</b>			
Independent Living Program - Contract A and B (85-86)	63-674	370-8716	83,483
Independent Living Program - Contract A and B (86-87)	63-674	370-7858	67,689
<b>Subtotal</b>			<b>151,172</b>
<b>Department of Health and Human Services'</b>			
<b>Louisiana Department of Social Services:</b>			
<b>Office of Community Services Title XX (85-86)</b>			
Office of Community Services Title XX (85-86)	63-687		31,300
Office of Community Services Title XX (86-87)	63-687	370-8214	14,662
<b>Subtotal</b>			<b>45,962</b>
<b>Department of Health and Human Services'</b>			
<b>Louisiana Department of Social Services'</b>			
<b>Office of Community Services:</b>			
Children's Trust Fund - Adopt A School (85-96)	63-672	370-8636	15,813
Children's Trust Fund - Adopt A School (86-97)	63-672	370-8178	9,322
<b>Subtotal</b>			<b>25,135</b>
<b>Total total</b>			<b>\$53,183</b>

\*Denotes major programs

**Family Service of Greater Baton Rouge**  
**Statements of Functional Expenses**  
**Years Ended December 31, 1994 and December 31, 1993**

	Program Services		
	Counseling Program	Parenting Center	Adolescent Case Management Program
<b>Salaries and Related Expenses</b>			
Salaries	\$340,825	\$75,876	\$199,881
Contract labor	28,805	890	7,618
Employee health and retirement	45,460	6,759	34,539
Payroll taxes	22,567	3,803	17,311
<b>Total salaries and related expenses</b>	<b>437,657</b>	<b>87,328</b>	<b>259,449</b>
<b>General Expenses</b>			
Insurance	3,334	366	1,349
Janitorial and maintenance	7,827	1,207	2,328
Utilities	5,890	753	1,416
Miscellaneous	1,388	238	459
Postage	2,204	3,084	1,999
Printing and publications	4,115	8,763	783
Professional fees	12,513	15,938	2,438
Supplies	7,661	1,838	3,187
Telephone	7,139	1,243	2,939
Travel and conference expenses	21,957	8,435	13,385
National dues	3,933	741	2,565
Interest	7,025	1,036	1,885
Depreciation			
Bad debts	9,913	—	—
<b>Total general expenses</b>	<b>90,201</b>	<b>41,639</b>	<b>34,182</b>
<b>Total functional expenses</b>	<b>527,858</b>	<b>128,967</b>	<b>293,631</b>

The accompanying notes are an integral part of these statements.

**Family Service of Greater Baton Rouge  
Statements of Unrestricted Revenue, Expenses and  
Changes in Unrestricted Net Assets  
Years Ended December 31, 1996 and December 31, 1995**

	<b>1996</b>	<b>1995</b>
<b>Unrestricted Revenue, Gains and Other Support</b>		
Public support		
United Way	\$430,860	\$430,350
Contributions	<u>31,018</u>	<u>35,827</u>
	<u>\$461,878</u>	<u>\$466,177</u>
Other Revenue		
Service fees	137,531	147,020
Insurance reimbursement	18,025	17,309
Title ICE-OCIS	44,591	50,348
Family Life Education fees	52,790	24,961
Interest	8,085	6,722
Membership dues	7,825	6,880
Child Abuse Grant	1,500	4,000
Independent Living Program	153,337	163,686
Adolescent Case Management	302,375	348,632
Workshop	27,230	29,519
Children's Trust Fund	28,258	34,234
Miscellaneous	(93)	273
Medical reimbursement	<u>789,385</u>	<u>\$30,472</u>
	<u>1,241,246</u>	<u>1,266,811</u>
<b>Total revenue, gains and other support</b>	<b>1,241,246</b>	<b>1,266,811</b>
<b>Expenses</b>		
Program services		
Counseling Program	237,020	248,270
Parenting Center	131,024	130,588
Adolescent Case Management		
Program	327,814	337,677
Independent Living Program	146,850	156,622
Supporting services		
Management and general	<u>60,878</u>	<u>63,742</u>
	<u>1,213,586</u>	<u>1,233,899</u>
<b>Total expenses</b>	<b>1,213,586</b>	<b>1,233,899</b>
<b>Change in Net Assets</b>	<b>27,660</b>	<b>32,912</b>
<b>Net Assets, beginning of year</b>	<b>\$11,225</b>	<b>\$78,983</b>
<b>Net Assets, end of year</b>	<b>\$38,885</b>	<b>\$111,895</b>

The accompanying notes are an integral part of these statements.

**Family Service of Greater Boston Region  
Statements of Financial Position  
December 31, 1996 and December 31, 1995**

	<u>1996</u>	<u>1995</u>
<b>Assets</b>		
Cash and cash equivalents	\$221,917	\$175,825
Certificates of deposit	35,000	35,000
Receivables		
Service fees (net of allowance for doubtful accounts of \$10,913 and \$638 for 1996 and 1995, respectively)	7,978	2,625
Grants	120,688	164,320
Miscellaneous	8,328	8,345
Prepaid pension cost	84,940	71,372
Other prepaid expenses	6,879	6,065
Land, building and equipment, net	529,268	533,422
<b>Total assets</b>	<b><u>1,006,199</u></b>	<b><u>986,122</u></b>
<b>Liabilities</b>		
Accounts payable	\$899	\$6,345
Accrued annual leave and other payroll liabilities	21,016	20,675
Mortgage payable		
Current maturity	8,329	7,531
Mortgage payable, net of current maturity	125,962	143,128
<b>Total liabilities</b>	<b><u>155,901</u></b>	<b><u>177,682</u></b>
<b>Net Assets</b>		
Unrestricted		
Designated by Board for capital improvements and education	55,570	74,977
Undesignated	185,328	736,248
<b>Total net assets</b>	<b><u>840,898</u></b>	<b><u>811,225</u></b>
<b>Total liabilities and net assets</b>	<b><u>1,006,199</u></b>	<b><u>986,122</u></b>

The accompanying notes are an integral part of these statements.

**Family Service of Greater Baton Rouge**  
**Notes to Financial Statements**  
**December 31, 1996**

**Note 7-Pension Plan - Defined Benefit**

The Agency has a noncontributory defined benefit pension plan which covers substantially all of its employees who meet eligibility requirements. Benefits under the plan are generally based on the employee's compensation during the highest five consecutive calendar years during the last ten completed 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. The following table sets forth the plan's funding status and the amounts recognized in the financial statements at December 31, 1996 and December 31, 1995:

Actuarial present value of benefit obligations:	<u>1996</u>	<u>1995</u>
Accumulated benefit obligation, including vested benefits of \$525,040 and \$301,800, respectively	\$525,175	\$302,710
Plan assets at fair value, primarily listed stocks and U. S. Bonds	\$634,385	\$804,438
Less projected benefit obligation for service rendered to date	\$79,681	\$33,892
Plan assets in excess of projected benefit obligation	134,804	170,533
Net unrecognized (gain)/loss from past experience different than assumed	(61,315)	(66,017)
Unrecognized net (gain) or loss	51,843	34,819
Unrecognized prior service cost	(80,302)	(66,062)
Prepaid pension cost included in other assets	<u>84,940</u>	<u>73,372</u>



Family Service of Greater Baton Rouge  
Notes to Financial Statements  
December 31, 1996

**Note 2-Significant Accounting Policies (Continued)**

**Restrictions on Net Assets (Continued)**

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 these 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.

All agency net assets are currently unrestricted.

**Donated Goods and Services**

Donated services and materials for the Agency's fundraising activities are not reflected in the financial statements. The estimated fair value of these goods and services is \$0,500.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

**Note 3-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.

Cash and cash equivalents at December 31, 1996 and December 31, 1995, consisted of the following:

	<u>1996</u>	<u>1995</u>
Bank account	811,122	817,096
Petty cash	130	130
Money Market Account	210,862	258,897
<b>Total cash and cash equivalents</b>	<b><u>1,032,114</u></b>	<b><u>1,084,123</u></b>