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Louisiana Alliance For
The Mentally Ill
Baton Rouge, Louisiana
June 30, 1996

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Release Date 4-2-97

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February 21, 1997

Independent Auditor's Report

The Officers and Board of Directors
Louisiana Alliance For The Mentally III
Baton Rouge, Louisiana

Gentlemen:

We have audited the accompanying statement of financial position of the

Louisiana Alliance For The Mentally III
Baton Rouge, Louisiana

as of June 30, 1996, and the related statements of activities, cash flows and functional expenses for the eighteen months then ended. These financial statements are the responsibility of the Louisiana Alliance for the Mentally III's management. Our responsibility is to express an opinion on these financial statements based on our audits.

Except as explained in the following paragraph, 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 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.

No physical inventory was taken and we were not able to verify the physical inventory as of June 30, 1996. We have not been able to satisfy ourselves concerning quantities by other procedures.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to observe the physical inventory as referred to in the previous paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the Louisiana Alliance for the Mentally III as of June 30, 1996, and the changes in its net assets and its cash flows for the eighteen months then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated February 21, 1997 on our consideration of the Louisiana Alliance for The Mentally III's internal control structure and a report dated February 21, 1997 on its compliance with laws and regulations.

Yours truly,

Hamilton, Shyneath Carroll, L.L.P.

Louisiana Alliance For The Mentally II
Statement of Financial Position
June 30, 1996

A s s e t s

Current Assets	
Cash and cash equivalents	
Cash in bank	\$26,516
Certificates of deposit	<u>3,448</u>
	<u>29,964</u>
Receivables	
Accounts receivable	47,376
Grant Fund receivable	11,592
Sales tax receivable	847
Other	<u>1,332</u>
	<u>60,947</u>
Inventory	<u>17,532</u>
Total current assets	<u>108,563</u>
Noncurrent Assets	
Office equipment	6,127
Less accumulated depreciation	<u>5,795</u>
Total noncurrent assets	<u>322</u>
Total assets	<u>108,885</u>

Liabilities and Net Assets

Liabilities	
Accounts payable	\$18,300
Payroll taxes payable	481
Deferred revenue	<u>20,044</u>
Total liabilities	38,825
Net Assets	
Unrestricted	<u>70,115</u>
Total liabilities and net assets	<u>108,885</u>

The accompanying notes are an integral part of these statements.

Louisiana Alliance For The Mentally Ill
Statement of Cash Flows
Eighteen Months Ended June 30, 1996

Cash Flows From Operating Activities	
Increase in net assets	\$51,686
Adjustments to reconcile change in net assets to net cash used by operating activities	
Depreciation	632
(Increase) decrease in Grant Fund receivable	(2,342)
(Increase) decrease in accounts receivable	(47,376)
(Increase) decrease in sales tax receivable	(647)
(Increase) decrease in employee receivable	663
(Increase) decrease in other receivables	(866)
(Increase) decrease in inventory	(17,952)
Increase (decrease) in accounts payable	18,300
Increase (decrease) in payroll taxes payable	94
Increase (decrease) in deferred revenue	20,664
Net cash provided by operating activities	21,266
Cash Flows From Investing Activities	--
Cash Flows From Financing Activities	---
Net Increase in Cash and Cash Equivalents	21,266
Cash and Cash Equivalents, beginning of period	3,418
Cash and Cash Equivalents, June 30, 1996	<u>24,784</u>

The accompanying notes are an integral part of these statements.

Louisiana Alliance For The Mentally Ill
Statement of Functional Expenses
Eighteen Months Ended June 30, 1998

	<u>Supporting Services</u>	<u>Office of Mental Health</u>	<u>Total Expenses</u>
Salaries	\$48,473	\$48,580	\$97,053
Payroll taxes	4,003	3,808	7,811
Rent		6,468	6,468
Travel	2,797	32,097	34,894
Conference	9,908		9,908
Supplies	434	12,136	12,570
Printing and publications	1,505	8,475	99,378
Legal and accounting	381	5,147	5,428
Telephone	331	7,199	7,530
Books and subscriptions	2,551	310	2,861
Postage	1,186	1,845	3,031
Other	36,194	13,088	49,282
Depreciation	692		692
Contract services	4,206	33,351	37,557
Total	<u>113,681</u>	<u>172,942</u>	<u>286,623</u>

The accompanying notes are an integral part of these statements.

Louisiana Alliance For The Mentally III
Notes to Financial Statements
June 30, 1996

Note 1-Nature of Organization and Significant Accounting Policies

A. Nature and Purpose

The Louisiana Alliance for the Mentally III (LAMI) is a nonprofit entity organized for the purpose of providing a focal point for statewide mental illness activities and issues and to provide a central point for dissemination of information on activities and issues affecting persons with mental illness.

B. Basic of Accounting

The organization utilizes the accrual method of accounting, wherein revenue is recognized as earned and expenses are recognized as they are incurred whether or not cash is received or paid out at that time.

C. Property and Equipment

Office equipment is recorded at original cost less an allowance for depreciation. Depreciation is recorded using the straight-line method over the assets' useful lives, which range from 5 - 7 years.

D. Income Taxes

LAMI is classified as a nonexempt organization under Section 501(c)(3) of the Internal Revenue Code.

E. 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.

F. Cash and Cash Equivalents

For the purposes of the statement of cash flows, the Company considers all highly liquid debt instruments purchased with a maturity of 90 days or less to be cash equivalents.

Louisiana Alliance For The Mentally III
Notes to Financial Statements
June 30, 1996

Note 1-Nature of Organization and Significant Accounting Policies (Continued)

G. Inventory

Inventory is valued at lower of cost or market and the method of determining inventory cost is first-in, first-out.

Note 2-Related Party Transaction

LAMI rents office space from a company owned by the Executive Director under an informal agreement. Total rent paid for the eighteen months ended June 30, 1996 was \$8,340.

Note 3-Fund Raising

LAMI receives most of its income from grants. Fund raising costs to obtain public support and membership dues are not significant.

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CERTIFIED PUBLIC ACCOUNTANTS

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February 21, 1997

**Report on The Internal Control Structure In
Accordance With Government Auditing Standards**

The Officers and Board of Directors
Louisiana Alliance For the Mentally III
Baton Rouge, Louisiana

Members of the Board:

We have audited the financial statements of the Louisiana Alliance for the Mentally III as of and for the eighteen months ended June 30, 1996, and have issued our report thereon dated February 21, 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 the Louisiana Alliance for the Mentally III 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 the internal control structure and procedures. The objectives of the 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 executed 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 in future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the financial statements of Louisiana Alliance for The Mentally III for the eighteen months ended June 30, 1986, 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.

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 specific 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 management and the Legislative Auditor. This restriction is not intended to limit the distribution of this report.

Yours truly,

Donaldson, Augustin & Carroll, L.L.P.

HAWTHORN, WAINMOUTH & CARROLL, L.L.P.

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DEFINITE PLAN & ACCOUNTANTS

REGISTERED PUBLIC ACCOUNTANTS
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MEMBER MISSISSIPPI ACCOUNTING SOCIETY

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February 21, 1987

**Compliance Report Based on an Audit of The
Financial Statements Performed in
Accordance With Government Auditing Standards**

The Officers and Board of Directors
Louisiana Alliance For the Mentally III
Baton Rouge, Louisiana

Members of the Board:

We have audited the financial statements of the Louisiana Alliance for the Mentally III for the eighteen months ended June 30, 1986, and have issued our report thereon dated February 21, 1987.

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.

Compliance with laws, regulations and contracts applicable to the Louisiana Alliance for the Mentally III is the responsibility of the Company's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Louisiana Alliance for the Mentally III's compliance with certain provisions of laws, regulations and contracts. 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 opinion.

The results of our test of compliance disclosed the following instances of noncompliance that are required to be reported herein under **Government Auditing Standards**:

The audit report is being submitted more than six months after the year end as required by state law. The report was delayed because of this being an eighteen month audit; programs being accounted for at separate locations; accounting personnel turnover; and scheduling.

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

Yours truly,

Jonathan M. Sargent, S.C.P.