

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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of management and the Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

Yours truly,

Hennrich, Weymouth & Carroll, L.L.P.

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



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ROBERT E. WALES, C.P.A.
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December 31, 1997

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

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

Gentlemen:

We have audited the financial statements of the Louisiana Alliance for the Mentally Ill as of and for the year ended June 30, 1997, and have issued our report thereon dated December 31, 1997. 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 Louisiana Alliance for the Mentally Ill'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 the following instance of noncompliance that are required to be reported under Government Auditing Standards.

The audit is being submitted more than six months after the year end as required by law. The report was delayed because of scheduling problems of the auditing firm.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Louisiana Alliance for the Mentally Ill'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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the

Louisiana Alliance For The Mentally Ill
Notes to Financial Statements
June 30, 1997

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

G. 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 those estimates.

H. Inventory

Inventory is valued at lower of cost or market using the first-in first-out method.

I. Grant Contracts

LAMI depends significantly on grant contract reimbursements to carry out its program activities. This revenue is disclosed as program revenue on the statement of activities.

Grant revenue is recorded as related expenses are incurred, and the reimbursement requests are submitted to the grantor agency.

J. Functional Expenses

LAMI allocates functional expenses primarily by specific identification of program expenses which include salaries of personnel assigned to specific programs.

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 year ended June 30, 1997 was \$4,200.

Louisiana Alliance For The Mentally Ill
Notes to Financial Statements
June 30, 1997

Note 1-Nature of Organization and Significant Accounting Policies

A. Nature and Purpose

The Louisiana Alliance for the Mentally Ill (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. The major programs include statewide support to family educators and support facilitators. This is accomplished by providing educational courses which present the Journey of Hope Program. The Journey of Hope Program is also made available to other state mentally ill associations.

B. Basis 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. Cash and Cash Equivalents

For the purposes of the statement of financial position presentation, cash equivalents are considered to be highly liquid investments with maturities of three months or less. 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 financial institution on a regular basis, along with their balances in cash and cash equivalents to minimize this potential risk.

D. Uncollectible Revenue

LAMI considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made.

E. 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.

F. Income Taxes

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

**Louisiana Alliance For The Mentally Ill
Statement of Functional Expenses
Year Ended June 30, 1997**

	<u>Supporting Services</u>	<u>Journey of Hope Program</u>	<u>Total Expenses</u>
Salaries	\$51,907	\$31,000	\$82,907
Payroll taxes	5,349		5,349
Rent	4,200	715	4,915
Insurance	1,387		1,387
Conference travel	16,853	32,650	49,503
Supplies	1,842		1,842
Printing and publications	14,970	77,187	92,157
Legal and accounting	9,208	9,127	18,335
Telephone	4,227		4,227
Dues and subscriptions	1,278		1,278
Postage	3,367	963	4,330
Other	29,545	14,120	43,665
Depreciation	154		154
Contract services	<u>6,541</u>	<u>27,200</u>	<u>33,741</u>
Total	<u>150,828</u>	<u>192,962</u>	<u>343,790</u>

The accompanying notes are an integral part of these statements.

**Louisiana Alliance For The Mentally III
Statement of Cash Flows
Year Ended June 30, 1997**

Cash Flows From Operating Activities	
Increase in net assets	\$57,581
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	154
(Increase) decrease in Grant Fund receivable	3,766
(Increase) decrease in accounts receivable	47,376
(Increase) decrease in sales tax receivable	9
(Increase) decrease in other receivables	1,332
(Increase) decrease in inventory	10,488
Increase (decrease) in accounts payable	(18,300)
Increase (decrease) in payroll taxes payable	1,370
Increase (decrease) in deferred revenue	<u>(10,193)</u>
<u>Net cash provided by operating activities</u>	<u>93,583</u>
Net Increase in Cash and Cash Equivalents	93,583
Cash and Cash Equivalents, June 30, 1996	<u>29,704</u>
Cash and Cash Equivalents, June 30, 1997	<u>123,287</u>

The accompanying notes are an integral part of these statements.

**Louisiana Alliance For The Mentally Ill
Statement of Activities
Year Ended June 30, 1997**

Changes in Unrestricted Net Assets

Public support	
Grants from Governmental Agencies	\$149,613
Contributions	<u>4,251</u>
<u>Total public support</u>	153,864
Revenue	
Initial setup fees (JOH)	90,168
Material sales (JOH)	89,916
National Alliance for Mentally Ill (JOH)	33,840
Other income (JOH)	24,982
Conference income	4,780
Membership dues	1,860
Miscellaneous income	1,926
Interest income	<u>35</u>
<u>Total public support and revenue</u>	<u>401,371</u>
Expenses	
Program expenses	
Supporting services	150,828
Journey of Hope Program	<u>192,962</u>
<u>Total expenses</u>	<u>343,790</u>
Increase in Net Assets	57,581
Net Assets, beginning of year	<u>70,115</u>
Net Assets, end of year	<u>127,696</u>

The accompanying notes are an integral part of these statements.

**Louisiana Alliance For The Mentally Ill
Statement of Financial Position
June 30, 1997**

A s s e t s

Current Assets

Cash and cash equivalents	
Cash in bank	\$119,614
Certificates of deposit	<u>3,673</u>
	<u>123,287</u>
Receivables	
Grant Fund receivable	7,826
Other receivables	<u>638</u>
	<u>8,464</u>
Inventory	<u>7,444</u>
<u>Total current assets</u>	<u>139,195</u>

Noncurrent Assets

Office equipment	6,127
Less accumulated depreciation	<u>5,944</u>
<u>Total noncurrent assets</u>	<u>183</u>
<u>Total assets</u>	<u>139,378</u>

L i a b i l i t i e s a n d N e t A s s e t s

Liabilities

Payroll taxes payable	\$1,831
Deferred revenue	<u>9,851</u>
<u>Total liabilities</u>	11,682

Net Assets

Unrestricted	<u>127,696</u>
<u>Total liabilities and net assets</u>	<u>139,378</u>

The accompanying notes are an integral part of these statements.

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

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December 31, 1997

Independent Auditor's Report

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

Gentlemen:

We have audited the accompanying statement of financial position of the

**Louisiana Alliance For The Mentally Ill
Baton Rouge, Louisiana**

as of June 30, 1997, and the related statements of activities, cash flows and functional expenses for the year then ended. These financial statements are the responsibility of the Louisiana Alliance for the Mentally Ill's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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 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 financial statements referred to above present fairly, in all material respects, the financial position of the Louisiana Alliance for the Mentally Ill as of June 30, 1997, and the changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated December 31, 1997 on our consideration of the Louisiana Alliance for The Mentally Ill's internal control over financial reporting and our test of its compliance with certain provisions of laws, regulations, contracts and grants.

Yours truly,

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

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STATE OF LOUISIANA
DEPARTMENT OF REVENUE
BATON ROUGE, LOUISIANA
FEB 25 1998

Louisiana Alliance For
The Mentally Ill
Baton Rouge, Louisiana
June 30, 1997

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the courts, the legislature, the executive branch, and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date MAR 04 1998