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FAMILIES HELPING FAMILIES OF  
SOUTHWEST LOUISIANA, INC.  
FINANCIAL STATEMENTS  
AND INDEPENDENT ACCOUNTANTS' REPORT ON  
APPLYING AGREED-UPON PROCEDURES  
JUNE 30, 1998

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

Release Date \_\_\_\_\_

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Board of Directors  
Families Helping Families of  
Southwest Louisiana, Inc.  
Lake Charles, LA

We have compiled the accompanying statement of financial position of Families Helping Families of Southwest Louisiana, Inc. (a nonprofit organization) as of June 30, 1998 and the related statements of activities, functional expenses and cash flows for the year ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, will not express an opinion or any other form of assurance on them.

*McMullen and Mancuso, CPAs*  
February 17, 1999

Members

American Institute of Certified Public Accountants  
Louisiana Society of Certified Public Accountants

FAMILIES HELPING FAMILIES  
OF SOUTHWEST LOUISIANA, INC.

STATEMENT OF FINANCIAL POSITION  
JUNE 30, 1998

ASSETS

FIXED ASSETS:	
EQUIPMENT AND FURNITURE	\$ 29,827
LIBRARY	6,676
BUILDING	67,728
BUILDING IMPROVEMENTS	438
LESS: ACCUMULATED DEPRECIATION	(18,684)
NET FIXED ASSETS	85,985
TOTAL ASSETS	\$ 85,985

LIABILITIES AND NET ASSETS

CURRENT LIABILITES:	
CASH IN BANK OVERDRAFT	\$ 630
PAYROLL TAXES PAYABLE	1,005
LINE OF CREDIT	5,000
NOTE PAYABLE - BANK ONE	2,289
TOTAL CURRENT LIABILITIES	8,924
LONG-TERM LIABILITIES	
NOTE PAYABLE - BANK ONE	48,063
TOTAL LIABILITIES	56,987
NET ASSETS	
UNRESTRICTED	28,998
TOTAL LIABILITIES AND NET ASSETS	\$ 85,985

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

FAMILIES HELPING FAMILIES  
OF SOUTHWEST LOUISIANA, INC.

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 1998

UNRESTRICTED NET ASSETS

SUPPORT

State Grants and Financial Assistance	\$ 102,959
Contributions	28,816
Fund-raising	7,100
Total Support	<u>138,875</u>

EXPENSES

Program Services	107,619
Supporting Services: Management and General	33,877
Total Expenses	<u>141,496</u>

Increase (Decrease) In  
Unrestricted Net Assets (2,621)

NET ASSETS AT BEGINNING OF YEAR 33,195  
Less Prior Period Adjustment (1,576)

NET ASSETS AT BEGINNING OF YEAR  
(As Restated) 31,619

NET ASSETS AT END OF YEAR \$ 28,998  
=====

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

FAMILIES HELPING FAMILIES  
OF SOUTHWEST LOUISIANA, INC.

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 1998

	PROGRAM SERVICES	SUPPORTING SERVICES	TOTAL SERVICES
Advertising and Promotion	\$ 2,337	\$ --	\$ 2,337
Bank Charges	--	135	135
Client Services	6,820	--	6,820
Conference and Meetings	1,597	--	1,597
Contract Services	12,094	4,802	16,896
Equipment Rental	--	642	642
Fund-raising	--	186	186
Insurance	--	636	636
Interest	4,496	500	4,996
Membership Dues	--	70	70
Miscellaneous	1,932	215	2,147
Office Expense and Supplies	1,576	6,689	8,265
Postage and Shipping	1,908	212	2,120
Printing and Publications	6,652	--	6,652
Repairs and Maintenance	--	1,885	1,885
Salaries and Wages	43,088	14,363	57,451
Taxes and Licenses	3,389	1,129	4,518
Telephone	9,159	1,018	10,177
Travel and Transportation	4,490	497	4,987
Utilities	1,618	180	1,798
<b>Total Expenses Before Depreciation</b>	<b>101,156</b>	<b>33,159</b>	<b>134,315</b>
<b>Depreciation of Furniture and Equipment</b>	<b>6,463</b>	<b>718</b>	<b>7,181</b>
<b>Total Expenses</b>	<b>\$ 107,619</b>	<b>\$ 33,877</b>	<b>\$ 141,496</b>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

FAMILIES HELPING FAMILIES  
OF SOUTHWEST LOUISIANA, INC.

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 1998

CASH FLOWS FROM OPERATING ACTIVITIES:

Decrease In Net Assets	\$ (2,621)
Adjustments To Reconcile Change In Net Assets To Net Cash Provided By Operating Activities:	
Depreciation	7,181
Prior Period Adjustment	(1,576)
(Increase) Decrease In Grants Receivable	7,657
Increase (Decrease) In Payroll Taxes Payable	811
Increase In Cash Overdraft	630
NET CASH PROVIDED BY OPERATING ACTIVITIES	12,082

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase Of Equipment	(17,158)
NET CASH USED FOR INVESTING ACTIVITIES	(17,158)

CASH FLOWS FROM FINANCING ACTIVITIES

Payments On Loan For Office Building	(1,920)
Proceeds From Line of Credit	5,000
NET CASH PROVIDED BY FINANCING ACTIVITIES	3,080
NET INCREASE (DECREASE) IN CASH	(1,996)
CASH AT BEGINNING OF PERIOD	1,996
CASH AT END OF PERIOD	\$ 0

Total interest expense paid for the year ended June 30, 1998 was \$4,996.

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

FAMILIES HELPING FAMILIES OF SW LOUISIANA, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 1998

**Organization and Background**

Families Helping Families of SW Louisiana, Inc. was established in Lake Charles in 1991 as part of a statewide network of family resource centers. This center serves not only Calcasieu parish, but also Allen, Beauregard, Cameron, and Jeff Davis parishes. The agencies throughout the state are not-for-profit organizations designed to offer information and resources including referrals, education and training, and peer to peer support to individuals and family members of individuals with special needs.

The Agency is funded by donations and personal contributions, fund-raisers, and various grants from the State of Louisiana and community organizations.

**NOTE 1 - Summary of Significant Accounting Policies**

**A. Contributed Services**

During the year ended June 30, 1998, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded.

**B. Property and Equipment**

Property and equipment are stated at cost, or if donated, at the approximate fair market value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. No restrictions have been placed on assets donated to the Agency. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets.

**C. Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Agency considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.



FAMILIES HELPING FAMILIES OF SW LOUISIANA, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 1998

NOTE 1 - Summary of Significant Accounting Policies (continued)

**D. Income Taxes**

The Agency is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and comparable state law. Therefore, no provision has been made for federal or state income taxes in the accompanying financial statements.

**E. Financial Statement Presentation**

The Agency has adopted Statement of Financial Accounting Standard (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations." Under SFAS 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. In addition, the Agency is required to present a statement of cash flows. As permitted by this new statement, the Agency has discontinued its use of fund accounting and has, accordingly, reclassified its financial statements to present the three classes of net assets required.

**F. Basis of Accounting**

The accompanying financial statements of Families Helping Families of SW Louisiana, Inc. have been prepared on the accrual basis of accounting.

NOTE 2 - Retirement Benefits

The Agency does not provide retirement benefits. Employees participate in the Social Security system. The Agency is not responsible for any post-employment benefits. The Agency has only the usual obligation to make current matching payments to the Social Security system for active employees.

FAMILIES HELPING FAMILIES OF SW LOUISIANA, INC.  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 1998

NOTE 3 - 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 4 - Economic Dependency

During the year ended June 30, 1998, the Agency received much of its support from the State of Louisiana Department of Health and Hospitals Office For Citizens with Developmental Disabilities and the Developmental Disabilities Council. If the support to the Agency were reduced significantly, it could have an adverse impact on the Agency's operations.

NOTE 5 - Note Payable

In June, 1996, the Agency agreed to purchase property to be used as the office facilities for the organization. The purchase price was \$67,000. In August, 1996, the Agency borrowed \$53,600 from Bank One at 9.25% interest, repayable in 59 monthly installments of \$556.23 and one final installment payment consisting of the unpaid principal balance and accrued interest due in August, 2001.

Maturity of the note payable is as follows:

Year ending <u>June 30,</u>	
1999	2,289
2000	2,326
2001	45,737
	-----
	\$ 50,352
	=====

NOTE 6 - Accrued Compensated Absences

The Agency has no policy providing for compensated absences.

FAMILIES HELPING FAMILIES OF SW LOUISIANA, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 1998

NOTE 7 - Allocation Of Program Vs Support Expenses

An allocation of many of the operating expenses of the Agency has been made on the basis of Board policy and management's estimate of 10% support and 90% program. Costs relating directly to the mission of the Agency are allocated as 100% program and expenditures for support matters and direct fund-raising costs are considered 100% support. Although the Agency's director and staff have certain administrative responsibilities, they are, nevertheless, significantly involved with the program activity owing to the small size of the organization and the nature of the mission of Families Helping Families of SW Louisiana, Inc. Consequently, an allocation of salaries, wages, and related payroll taxes has been made on the basis of 75% program and 25% support.

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**Independent Accountant's Report  
 on Applying Agreed-Upon Procedures**

To the Board of Directors of Families  
 Helping Families of Southwest Louisiana, Inc.

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of Families Helping Families of Southwest Louisiana, Inc., the Legislative Auditor, State of Louisiana, and applicable state grantor agency/agencies solely to assist the users in evaluating management's assertions about Families Helping Families of Southwest Louisiana, Inc.'s compliance with certain laws and regulations during the year ended June 30, 1998 included in the accompanying *Louisiana Attestation Questionnaire*. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

**Federal, State, and Local Awards**

1. Determine the amount of Federal, state and local award expenditures for the fiscal year, by grant and grant year.

Families Helping Families of Southwest Louisiana, Inc.'s Federal award expenditures for all Federal programs for the fiscal year follow:

Federal Grant Name	Grant Year	CFDA No	Amount
Special Education Grant Inclusive Education Facilitator - Region V	7-1-97 to 6-30-98	84.027	\$10,000
Office of Public Health Region V Children's Special Health Services	7-1-97 to 6-30-98	93.958	\$35,772

LA State Planning Council on Developmental Disabilities Social Services Grant	7-1-97 to 6-30-98	--	\$31,163
Total Expenditures			\$76,935

1. For each Federal, state, and local award, we randomly selected 6 disbursements from each award administered during the period under examination, provided that no more than 30 disbursements would be selected.

2. For the items selected in procedure 2, we traced the disbursements to supporting documentation as to proper amount and payee.

We examined supporting documentation for each of the selected disbursements and found that payment was for the proper amount and made to the correct payee.

4. For the items selected in procedure 2, we determined if the disbursements were properly coded to the correct fund and general ledger account.

All of the payments were properly coded to the correct fund and general ledger account.

5. For the items selected in procedure 2, we determined whether the disbursements received approval from proper authorities.

Inspection of documentation supporting each of the selected disbursements indicated approvals from the director and/or the chairman of the board.

6. For the items selected in procedure 2: For federal awards, we determined whether the disbursements complied with the applicable specific program compliance requirements summarized in *the Compliance Supplement* (or contained in the grant agreement, if the program is not included in the Compliance Supplement) and for state and local awards, we determined whether the disbursements complied with the grant agreement, relating to:

Activities allowed or unallowed:

The disbursements reviewed complied with the allowability requirements for the state awards that the Agency received.

Eligibility

No eligibility requirements applied to the disbursements tested.

Reporting

The disbursements reviewed complied with the reporting requirements of the state awards.

7. For the programs selected for testing in item (2) that had been closed out during the period under review, we compared the close-out report, when required, with the entity's financial records to determine whether the amounts agree.

There were no closed out programs during the period tested.

### **Meetings**

8. We examined evidence indicating that agendas for meetings recorded in the minute book were posted as an open meeting as required by LSA-RS 42:1 through 42:12 (the open meetings law).

Families Helping Families of Southwest Louisiana, Inc. is only required to post a notice of each meeting and the accompanying agenda on the door of the Agency's office building. The management has disclosed that such documents were not properly posted because they were unaware of the requirement of open meetings. The Agency's policy is to mail a reminder to each board member and the advisory board concerning the meetings, and then usually phone each member as a second reminder. The Agency will now begin posting a copy of the notice and agenda of the meetings on the door of the Agency office building as required by LSA-RS 42:1 through 42:12 (the open meetings law).

### **Comprehensive Budget**

9. For all grants exceeding five thousand dollars, we determined that each applicable federal, state, or local grantor agency/agency was provided with a comprehensive budget of those grants that included the purpose and duration, and for state grants included specific goals and objectives and measures of performance.

Families Helping Families of Southwest Louisiana, Inc. provided comprehensive budgets to the applicable state grantor agencies for the programs mentioned previously. These budgets specified the anticipated uses of the funds, estimates of the duration of the projects, and plans showing specific goals and objectives that included measures of performance.

### **Prior Comments and Recommendations**

10. We reviewed any prior-year suggestions, recommendations, and/or comments to determine the extent to which such matters have been resolved.

The audit report for the short period from October 1, 1996 and ended June 30, 1997 was submitted after the six-month statutory issue date, thereby placing the Agency in noncompliance with State Law. Families Helping Families of Southwest Louisiana, Inc. is a small nonprofit agency and was unaware of the six-month compliance deadline for audit reports. In addition, the Agency had to update the accounting records to prepare for an audit, and reserve funds for the cost of the engagement.

This matter has not been resolved, as this compilation and attestation has been submitted after the six-month statutory issue date.

#### **Finding**

The compilation and attestation report for the year ended June 30, 1998 was submitted after the six-month statutory issue date.

#### **Effect**

The submission of the report after the six-month statutory issue date resulted in the Agency's noncompliance with State law.

**Cause**

The time and cost of the prior year audits was a factor in the delay of the compilation and attestation engagement.

**Recommendation**

The Agency should submit all future reports before the six-month statutory issue date. The Agency is now aware of its annual filing requirements and the staff has a greater knowledge of the operation of the accounting software package. Therefore, the reporting practices of the Agency will be in compliance with State Law.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of Families Helping Families of Southwest Louisiana, Inc., the Legislative Auditor (State of Louisiana), and the applicable state grantor agency/ agencies and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited.

*McKullen and Mancuso, CPAs*  
February 17, 1999

FAMILIES HELPING FAMILIES  
OF SOUTHWEST LOUISIANA, INC.

MANAGEMENT'S CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED JUNE 30, 1998

FINDING NO. 1

The compilation and attestation report for the year ended June 30, 1998 was submitted after the six-month statutory issue date, thereby placing the Agency in noncompliance with state law.

RESPONSE

The Agency is now aware of the six-month compliance deadline. The time and cost of the recent issue of the prior year audits was a factor in the delay of this compilation and attestation engagement. All future reports will be submitted before the six-month statutory issue date.