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FRIENDS ALLIANCE FOR
THE MENTALLY ILL, INC.

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

Year Ended June 30, 1999

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 JAN 12 2000

SPILSBURY, HAMILTON, LEGENDRE & PACIERA
CERTIFIED PUBLIC ACCOUNTANTS

FRIENDS ALLIANCE FOR
THE MENTALLY ILL, INC.

Year Ended June 30, 1999

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MEMBERS OF
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INDEPENDENT AUDITOR'S REPORT

Executive Director and Board of Directors
Friends Alliance for the Mentally Ill, Inc.
New Orleans, Louisiana

We have audited the accompanying consolidated statement of financial position of Friends Alliance for the Mentally Ill, Inc. (a Louisiana non-profit corporation) as of June 30, 1999, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the management of Friends Alliance for the Mentally Ill, Inc. 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 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 Friends Alliance for the Mentally Ill, Inc. as of June 30, 1999, 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 reports dated August 31, 1999 on our consideration of Friends Alliance for the Mentally Ill, Inc.'s internal control and on its compliance with laws and regulations.

Executive Director and Board of Directors
Friends Alliance for the Mentally Ill, Inc.

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 1998, from which the summarized information was derived.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplementary information is presented for additional analysis purposes, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Spilsbury, Hamilton, Legendre & Paciera

August 31, 1999

FRIENDS ALLIANCE FOR THE MENTALLY ILL, INC.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 1999
(With Summarized Financial Information
at June 30, 1998)

	<u>1999</u>	<u>1998</u>
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Cash	\$ 67,133	\$ 90,609
Certificates of deposit	16,440	15,000
Investments	275,594	128,057
Due from State agencies	153,739	182,138
Due from non-related working affiliate	3,691	6,244
Prepaid expenses	<u>6,710</u>	<u>3,112</u>
<i>Total Current Assets</i>	<u>523,307</u>	<u>425,160</u>
<u>PROPERTY AND EQUIPMENT</u>		
Land	165,000	245,000
Building and improvements	925,035	881,602
Office furniture and equipment	65,055	86,194
Transportation equipment	74,150	74,150
Household equipment	24,971	15,644
Educational, recreational and cultural equipment	<u>1,237</u>	<u>1,837</u>
	1,255,448	1,304,427
Less: Accumulated depreciation	<u>203,257</u>	<u>336,465</u>
<i>Total Property and Equipment</i>	<u>1,052,191</u>	<u>967,962</u>
<u>OTHER ASSETS</u>		
Deferred loan fees, net of accumulated amortization of \$133	<u>7,825</u>	<u>0</u>
<i>Total Assets</i>	<u>\$1,583,323</u>	<u>\$1,393,122</u>

See accompanying notes to financial statements.

FRIENDS ALLIANCE FOR THE MENTALLY ILL, INC.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(Continued)
JUNE 30, 1999
(With Summarized Financial Information
at June 30, 1998)

	<u>1999</u>	<u>1998</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Accounts payable	\$ 49,563	\$ 8,871
Salaries payable	2,565	29,347
Interest payable	2,961	1,447
Current maturities of long-term debt	16,996	151,054
Due to beneficiaries	<u>0</u>	<u>6,250</u>
<i>Total Current Liabilities</i>	<u>72,085</u>	196,969
<u>LONG-TERM DEBT</u>		
Non-current maturities	<u>447,445</u>	<u>109,220</u>
<u>OTHER LIABILITIES</u>		
Annuities payable	148,183	152,071
Deposits	<u>1,975</u>	<u>0</u>
<i>Total Other Liabilities</i>	<u>150,158</u>	<u>152,071</u>
<i>Total Liabilities</i>	<u>669,688</u>	<u>458,260</u>
<u>NET ASSETS</u>		
Permanently restricted	0	372
Temporarily restricted	103,658	99,770
Unrestricted	<u>809,977</u>	<u>834,720</u>
<i>Total Net Assets</i>	<u>913,635</u>	<u>934,862</u>
<i>Total Liabilities and Net Assets</i>	<u>\$1,583,323</u>	<u>\$1,393,122</u>

See accompanying notes to financial statements.

FRIENDS ALLIANCE FOR THE MENTALLY ILL, INC.
 CONSOLIDATED STATEMENT OF ACTIVITIES
 YEAR ENDED JUNE 30, 1999
 (With Summarized Financial Information
 for the Year Ended June 30, 1998)

	<u>Unrestricted</u>
<u>SUPPORT AND REVENUE</u>	
Support:	
Donations	\$ 14,175
Miscellaneous	<u>36,338</u>
<i>Total Support</i>	<u>50,513</u>
Revenue:	
Fees for services - OMH/JPHSA	1,114,784
Interest income	8,511
Dues	645
Change in split-interest agreements	0
Rental income	28,299
Net assets released from restrictions:	
Satisfaction of equipment acquisition restrictions	<u>372</u>
<i>Total Revenue</i>	<u>1,152,611</u>
<i>Total Support and Revenue</i>	<u>1,203,124</u>
<u>EXPENSES</u>	
Program Services:	
Fairweather Lodge	47,402
Case management	47,952
Peer support	87,947
Housing	80,100
Employment	268,176
Drop-in Centers	69,216
Supported living	3,936
Newport Place	<u>10,899</u>
<i>Total Program Services</i>	<u>615,628</u>
Supporting Services:	
Medicaid and general	441,766
Trust and administrative	<u>170,473</u>
<i>Total Supporting Services</i>	<u>612,239</u>
<i>Total Expenses</i>	<u>1,227,867</u>
<u>INCREASE (DECREASE) IN NET ASSETS</u>	(24,743)
Net Assets - Beginning of Year	<u>834,720</u>
Net Assets - End of Year	<u>\$ 809,977</u>

See accompanying notes to financial statements.

<u>1999</u>			<u>1998</u>
<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>	<u>Total</u>
\$ 0	\$ 0	\$ 14,175	\$ 104,622
<u>0</u>	<u>0</u>	<u>36,338</u>	<u>19,815</u>
<u>0</u>	<u>0</u>	<u>50,513</u>	<u>124,437</u>
0	0	1,114,784	1,112,000
0	0	8,511	10,205
0	0	645	3,621
3,888	0	3,888	(1,841)
0	0	28,299	0
<u>0</u>	<u>(372)</u>	<u>0</u>	<u>0</u>
<u>3,888</u>	<u>(372)</u>	<u>1,156,127</u>	<u>1,123,985</u>
<u>3,888</u>	<u>(372)</u>	<u>1,206,640</u>	<u>1,248,422</u>
0	0	47,402	51,373
0	0	47,952	55,143
0	0	87,947	86,310
0	0	80,100	76,176
0	0	268,176	272,536
0	0	69,216	16,548
0	0	3,936	4,186
<u>0</u>	<u>0</u>	<u>10,899</u>	<u>0</u>
<u>0</u>	<u>0</u>	<u>615,628</u>	<u>562,272</u>
0	0	441,766	542,383
<u>0</u>	<u>0</u>	<u>170,473</u>	<u>110,492</u>
<u>0</u>	<u>0</u>	<u>612,239</u>	<u>652,875</u>
<u>0</u>	<u>0</u>	<u>1,227,867</u>	<u>1,215,147</u>
3,888	(372)	(21,227)	33,275
<u>99,770</u>	<u>372</u>	<u>934,862</u>	<u>901,587</u>
<u>\$103,658</u>	<u>\$ 0</u>	<u>\$ 913,635</u>	<u>\$ 934,862</u>

FRIENDS ALLIANCE FOR THE MENTALLY ILL, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 1999
(With Summarized Financial Information
for the Year Ended June 30, 1998)

	Program					
	Fair- weather Lodge	Case Manage- ment	Peer Support	Housing	Employ- ment	Supported Living
Advertising	\$ 51	\$ 221	\$ 77	\$ 51	\$ 746	\$ 0
Amortization	0	0	0	0	0	0
Bank charges	0	0	0	0	0	0
Client assistance	0	0	0	0	0	0
Depreciation	1,010	295	1,514	1,010	7,235	73
Dues and subscrip- tions	69	47	91	69	598	12
Field travel	243	3,339	4,042	2,958	7,045	0
Insurance	3,289	4,083	9,234	9,738	25,983	224
Interest	0	0	0	0	0	0
Loss on disposal of property and equipment	0	0	0	0	0	0
Maintenance and repairs	797	250	1,177	942	5,655	62
Miscellaneous	0	0	2,115	3,491	13,209	0
Office supplies	284	163	436	303	2,385	6
Other supplies	218	58	288	456	1,530	21
Payment to bene- ficiaries	0	0	0	0	0	0
Payroll taxes	2,967	2,795	4,870	4,286	14,444	225
Postage	100	41	148	114	694	0
Printing	94	64	127	94	682	11
Professional fees	1,167	758	1,541	1,207	6,884	209
Retirement	1,218	1,734	2,897	3,246	4,008	162
Salaries	34,827	32,576	57,296	50,597	168,792	2,852
Taxes and licenses	0	0	0	0	0	0
Telephone	293	1,168	957	602	2,446	14
Training	0	0	0	0	845	0
Utilities	775	360	1,137	936	4,995	65
Total	<u>\$47,402</u>	<u>\$47,952</u>	<u>\$87,947</u>	<u>\$80,100</u>	<u>\$268,176</u>	<u>\$3,936</u>

See accompanying notes to financial statements.

<u>Services</u>			<u>Supporting Services</u>	<u>Trust and Administration</u>	<u>Total 1999 Program and Supporting Services Expenses</u>	<u>Total 1998</u>
<u>Drop-in Centers</u>	<u>Newport Place</u>	<u>Total 1999</u>	<u>Medicaid and General</u>			
\$ 25	\$ 0	\$ 1,171	\$ 477	\$ 43	\$ 1,691	\$ 1,515
0	0	0	133	0	133	0
0	0	0	0	1,364	1,364	965
0	0	0	0	0	0	11,186
7,481	4,281	22,899	9,386	2,569	34,854	27,653
239	0	1,125	315	140	1,580	1,574
0	0	17,627	5,002	2,101	24,730	19,892
6,795	0	59,346	35,903	22,227	117,476	113,452
0	0	0	19,975	971	20,946	21,187
0	0	0	0	46,972	46,972	0
3,676	2,747	15,306	12,991	2,050	30,347	17,669
0	478	19,293	5,912	6,815	32,020	12,383
753	0	4,330	6,578	793	11,701	8,366
4,648	0	7,219	9,478	1,914	18,611	15,704
0	0	0	0	12,500	12,500	6,250
2,864	0	32,451	22,385	3,800	58,636	62,702
0	0	1,097	1,176	169	2,442	3,270
211	0	1,283	954	201	2,438	5,200
2,667	93	14,526	8,501	1,805	24,832	43,816
740	0	14,005	11,710	2,639	28,354	3,212
31,499	0	378,439	278,947	54,681	712,067	804,404
0	0	0	0	3,824	3,824	2,596
1,734	0	7,214	4,621	745	12,580	10,691
0	0	845	15	0	860	1,108
<u>5,884</u>	<u>3,300</u>	<u>17,452</u>	<u>7,307</u>	<u>2,150</u>	<u>26,909</u>	<u>20,352</u>
<u>\$69,216</u>	<u>\$10,899</u>	<u>\$615,628</u>	<u>\$441,766</u>	<u>\$170,473</u>	<u>\$1,227,867</u>	<u>\$1,215,147</u>

FRIENDS ALLIANCE FOR THE MENTALLY ILL, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 1999
(With Summarized Financial Information
for the Year Ended June 30, 1998)

	<u>1999</u>	<u>1998</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Changes in net assets	\$(21,227)	\$ 33,275
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:		
Depreciation and amortization	34,987	27,653
Net decrease in receivables and prepaid expenses	24,801	20,576
Net increase (decrease) in accounts payable	18,340	(365)
Net (decrease) in accrued liabilities	(25,268)	(8,952)
Contributions restricted for long-term investments	0	(99,770)
Change in split-interest agreements	(3,888)	1,841
(Increase) in deferred loan fees	(7,958)	0
Loss on disposal of property and equipment	<u>46,972</u>	<u>0</u>
Net Cash Provided by (Used for) Operating Activities	<u>66,759</u>	<u>(25,742)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Proceeds from redemption of certificate of deposit	0	40,000
Purchase of property and equipment	(98,645)	(275,346)
Net (increase) decrease in loans to non-related working affiliates	2,553	(2,314)
Proceeds from sale of trust property	0	217,455
Proceeds from sale of property and equipment	167,783	0
Increase in deposit liabilities	1,975	0
Purchase of investments	(148,977)	(128,057)
Proceeds from gift annuities	<u>0</u>	<u>32,545</u>
Net Cash (Used for) Investing Activities	<u>(75,311)</u>	<u>(115,717)</u>

See accompanying notes to financial statements.

FRIENDS ALLIANCE FOR THE MENTALLY ILL, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
(Continued)
YEAR ENDED JUNE 30, 1999
(With Summarized Financial Information
for the Year Ended June 30, 1998)

	<u>1999</u>	<u>1998</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Repayment of notes payable	\$(263,674)	\$(79,147)
Payments on amounts due to beneficiaries	(6,250)	6,250
Proceeds from issuance of notes payable	<u>255,000</u>	<u>0</u>
Net Cash (Used for) Financing Activities	<u>(14,924)</u>	<u>(72,897)</u>
Net (Decrease) in Cash	(23,476)	(214,356)
Cash at Beginning of Year	<u>90,609</u>	<u>304,965</u>
Cash at End of Year	<u>\$ 67,133</u>	<u>\$ 90,609</u>

Supplemental Disclosures of Cash Flow Information

Cash paid during the year for -

Interest	\$ <u>19,432</u>	\$ <u>19,940</u>
Income taxes	\$ <u>0</u>	\$ <u>0</u>

Non-Cash Investing and Financing Transactions -

Donated property and equipment	\$ <u>0</u>	\$ <u>217,455</u>
Building and land acquired through mortgage payable	\$ <u>0</u>	\$ <u>120,000</u>
Property improvements in exchange for note payable	\$ <u>217,841</u>	\$ <u>0</u>

See accompanying notes to financial statements.

FRIENDS ALLIANCE FOR THE MENTALLY ILL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1999

A. Description of Organization

Business Activity

Friends Alliance for the Mentally Ill, Inc. ("Friends AMI"), is a non-profit organization which operates in the New Orleans Metropolitan Area. It has several "Fees for Services" contracts with the Louisiana Office of Mental Health and also receives other funding from dues and donations. The Organization is dedicated to creating an environment to help individuals who have been socially and vocationally disabled by mental illness to achieve or regain the confidence and skills to live vocationally productive and socially satisfying lives.

The Charitable Remainder Annuity Trust ("Trust") was formed on December 19, 1997. The principal beneficiary of this trust is Friends AMI and the Executive Director serves as the Trustee.

B. Summary of Significant Accounting Policies

Basis of Consolidation

The consolidated financial statements include the accounts of Friends AMI and the Trust. All significant inter-Company transactions have been eliminated.

Basis of Accounting

The financial statements of Friends AMI have been prepared on the accrual basis of accounting, and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, Friends AMI 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.

FRIENDS ALLIANCE FOR THE MENTALLY ILL, INC.
NOTES TO FINANCIAL STATEMENTS
(Continued)
JUNE 30, 1999

Summary of Significant Accounting Policies (Cont'd)

Estimates

Friends AMI uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

Friends AMI considers all investment instruments purchased with an original maturity of three months or less to be cash equivalents.

Property and Equipment

Friends AMI capitalizes all expenditures for property and equipment in excess of \$500. Purchased property and equipment are carried at cost; donated property and equipment are carried at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method.

Net Assets

Net assets are included in one of the following three classes of net assets, depending on the presence and type of donor-imposed restrictions.

Unrestricted Net Assets - Those net assets whose use is not restricted by donors.

Temporarily Restricted Net Assets - Those net assets whose use has been limited by donors (a) to later periods of time or after specified dates, or (b) to specific purposes.

Permanently Restricted Net Assets - Net assets subject to State-imposed stipulations that resources be maintained permanently, but permits the organization to use up the economic benefit derived from these assets.

Medicaid

Friends AMI receives Medicaid funding under a fixed price arrangement. These amounts are specifically excluded from OMB Circular A-133 audit requirements. Medicaid funds totaling \$239,150 were received in 1999 and are included in program service fees.

FRIENDS ALLIANCE FOR THE MENTALLY ILL, INC.
NOTES TO FINANCIAL STATEMENTS
(Continued)
JUNE 30, 1999

Summary of Significant Accounting Policies (Cont'd)

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the *Consolidated Statement of Activities* and in the *Consolidated Statement of Functional Expenses*. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

Investments

Friends AMI elected to adopt SFAS No. 124, "Accounting for Certain Investments Held by Not-for-Profit Organizations," in 1997. Under SFAS No. 124, investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the Consolidated Statement of Financial Position. Unrealized gains and losses are included in the changes in unrestricted or temporarily restricted net assets, depending on whether or not there are donor-imposed restrictions on the gains and losses.

Income Taxes

Friends AMI is exempt from Federal income tax under provisions of Section 501(c)(3) of the Internal Revenue Code, and is listed in the Treasury's charitable contribution directory.

C. Certificates of Deposit

Funds in Deposit Guaranty National Bank, Jackson, Mississippi, at June 30, 1999 are as follows:

4.8% Certificate of deposit due on August 31, 1999	<u>\$16,440</u>
---	-----------------

The certificate of deposit is stated at cost.

D. Investments

Investments in equity securities with readily determinable fair market values and all investments in debt securities are stated at fair value, which is based on quoted market prices for those investments. The value of the investments, held in a Government Money Market Fund, at June 30, 1999 was \$275,594.

Interest income on the investments for the year ended June 30, 1999, classified as *Unrestricted* in the Consolidated Statement of Activities, was \$8,511.

FRIENDS ALLIANCE FOR THE MENTALLY ILL, INC.
 NOTES TO FINANCIAL STATEMENTS
 (Continued)
JUNE 30, 1999

E. Due from State Agencies

Due from State Agencies at June 30, 1999 is summarized as follows.

Office of Human Services,	\$102,689
Division of Mental Health	
Medicaid	<u>51,050</u>
<i>Total</i>	<u>\$153,739</u>

Management considers all receivables for the year ended June 30, 1999 to be collectible; accordingly, no allowance for doubtful accounts was provided.

F. Due from Non-related Working Affiliate

Friends AMI transfers monies to Friends Alliance Housing, Inc., an unrelated affiliated corporation. At June 30, 1999, the amount receivable was \$3,691. These funds are non-interest-bearing and have no repayment terms.

G. Property and Equipment

The related lives and accumulated depreciation for each category of assets is as follows:

<u>Asset</u>	<u>Life</u>	<u>Accumulated Depreciation</u>
Building and improvements	7 - 30 years	\$ 74,483
Furniture and equipment	5 - 10 years	47,755
Transportation equipment	5 years	73,194
Household equipment	5 - 7 years	6,588
Educational, recreational, and cultural equipment	7 years	<u>1,237</u>
		<u>\$203,257</u>

Movable property with a cost of \$125,119 and a zero book value has been acquired with State grant funds, and has been capitalized as a component of property and equipment. Title and disposition control over such assets rests with the State of Louisiana. Accordingly, there are no permanently restricted net assets at June 30, 1999.

H. Long-term Debt

Friends AMI's obligations under mortgages, notes payable and lease obligations consist of the following.

FRIENDS ALLIANCE FOR THE MENTALLY ILL, INC.
NOTES TO FINANCIAL STATEMENTS
(Continued)
JUNE 30, 1999

Long-term Debt (Cont'd)

In October 1992, Friends AMI entered into a financing agreement on the property at 830 Audubon Street, New Orleans, Louisiana. The financing was provided by the American Bank for the amount of \$85,400, which was acquired by Hibernia National Bank in 1996. The note bore interest at the rate of Chase Manhattan's prime rate plus 2.5% per annum, with required monthly payments of interest and principal amounting to \$1,059 through January 2004. On March 31, 1998, this loan was refinanced by Deposit Guaranty National Bank in conjunction with the purchase of property located at 1538 Louisiana Avenue, New Orleans, Louisiana. The loan, in the amount of \$55,679, bore interest at 9.5%, with required monthly payments of interest and principal amounting to \$1,173.09 through March 30, 2003. This loan was paid in full during the year ended June 30, 1999.

On March 31, 1998, Friends AMI entered into a financing agreement on the property at 1538 Louisiana Avenue. The financing was provided by Deposit Guaranty National Bank in the amount of \$120,000. The note bore interest at 9.5%, and was payable in one principal payment due on September 30, 1998. Both loans were secured by Pledges of Collateral Mortgages totaling \$300,000 on 830 Audubon Street and 1538 Louisiana Avenue, New Orleans, LA. This loan was paid in full during the year ended June 30, 1999.

In August 1992, Friends AMI acquired the Westbank location at 2051 Eighth Street in Harvey, Louisiana. The financing was provided by Gerald S. Carr in the amount of \$150,000. The note bore interest at a rate of 10% per annum, with required monthly payments of interest and principal amounting to \$1,982 through August 2002. This loan was paid in full during the year ended June 30, 1999.

On September 14, 1993, Friends AMI purchased the Eastbank Club property located at 3224 Florida Avenue in Kenner, Louisiana. The purchase price of this property was \$137,245. The outstanding balances for the purchase of this property as of June 30, 1999 is as follows:

A first mortgage amortizable over five years bearing 9% interest per annum, and required monthly payments of interest and principal amounting to \$1,204 through September 1998.

A second mortgage amortizable over five years, bearing 7% interest per annum, and required monthly payments of interest and principal amounting to \$475 through September 1998. This loan was paid in full during the year ended June 30, 1999.

FRIENDS ALLIANCE FOR THE MENTALLY ILL, INC.
NOTES TO FINANCIAL STATEMENTS
(Continued)
JUNE 30, 1999

Long-term Debt (Cont'd)

On February 3, 1999, Friends AMI entered into a refinancing agreement on all its properties. The financing was provided by Whitney National Bank in the amount of \$255,000, with interest at 7.5% per annum. The note is payable in 59 monthly installments of \$2,379, with a final installment in the amount of the remaining unpaid balance on July 3, 2004. The outstanding balance on this loan at June 30, 1999 was \$245,349.

In addition, on February 3, 1999, Friends AMI entered into a construction loan agreement (non-revolving line of credit) up to a principal amount of \$250,000. During the construction period, interest accrued at the Wall Street Journal prime. On July 3, 1999, the aggregate principal amount was converted to an amortizing loan and bears interest at 7.5% per annum. This loan is payable in 59 monthly installments of principal and interest of \$2,045, with a final installment in the amount of the remaining unpaid balance on July 3, 2004. The outstanding balance on this loan at June 30, 1999 was \$219,092.

Both loans are secured by a collateral mortgage in the amount of \$750,000 on the following properties:

1. 3624 Florida Avenue, Kenner, LA.
2. 2051 Eighth Street, Harvey, LA.
3. 1538 Louisiana Avenue, New Orleans, LA.

Following is the schedule of future maturities of long-term debt.

Year ended June 30,	
2000	16,996
2001	19,031
2002	20,531
2003	22,151
2004	212,944
Thereafter	<u>172,788</u>
	<u>\$464,441</u>

I. Permanently Restricted Net Assets

At June 30, 1999, permanently restricted net assets consisted of custodial assets comprised of furniture and equipment purchased with State funds. These custodial assets would revert to the State in the event of the dissolution of Friends Alliance for the Mentally Ill, Inc.

FRIENDS ALLIANCE FOR THE MENTALLY ILL, INC.
NOTES TO FINANCIAL STATEMENTS
(Continued)
JUNE 30, 1999

J. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes:

Restricted for life of donor:	
Charitable remainder trust	<u>\$103,658</u>

K. Annuity Payable

Friends AMI has entered into a gift annuity agreement whereby it accepted a donation and in return agreed to pay a fixed amount on a quarterly basis until the annuitant's death. A liability of \$148,183 has been recorded for the present value of the expected payout, based on life expectancy. Assets held in the charitable remainder trust totaled \$253,248 at June 30, 1999, and are reported at fair market value in the Organization's *Statement of Financial Position*.

The present value of estimated future payments is calculated using a discount rate of 5% and applicable mortality tables.

L. Concentration of Credit Risk/Major Customers

Contracts with the State of Louisiana and Jefferson Parish, all of which are renewable annually, totaled \$875,634, or approximately 80% of service fee income.

Funds received from Medicaid totaled \$239,150, or approximately 20% of service fee income.

At June 30, 1999, unsecured receivables from these agencies totaled \$153,739. Financial instruments that potentially subject Friends AMI to credit risk include these accounts receivable.

Friends AMI extends unsecured credit to the State of Louisiana. Financial instruments that potentially subject Friends AMI to credit risk include these accounts, which are shown as *Due from State Agencies*.

M. Retirement Plan

On March 21, 1995, Friends AMI began offering a defined contribution profit-sharing plan for its employees. The employers' annual contribution was determined each year by Friends AMI's net profit. The plan was administered by the employer.

On July 1, 1997, Friends AMI converted its pension plan to a 401(k) plan. Employees electing to participate in the plan may elect to defer up to a maximum of 15% of compensation. The plan allows Friends AMI to make a discretionary match.

FRIENDS ALLIANCE FOR THE MENTALLY ILL, INC.
NOTES TO FINANCIAL STATEMENTS
(Continued)
JUNE 30, 1999

Retirement Plan (Cont'd)

Friends AMI contributed \$28,354 to the retirement plan for the year ended June 30, 1999.

N. Contingencies

Friends AMI had a letter of credit for \$15,000. This letter of credit was an agreement with a bank to guaranty the compliance with a contract between Friends AMI and the Louisiana Department of Health and Hospitals Region I - Community Services. No amounts were outstanding on the letter of credit at June 30, 1999. The letter of credit expired June 30, 1999.

Friends AMI is a defendant in a civil action. Friends AMI intends to vigorously defend this action which it considers groundless. The ultimate resolution of this matter is not ascertainable at this time. No provision has been made in the financial statements related to this claim.

SUPPLEMENTARY INFORMATION

FRIENDS ALLIANCE FOR THE MENTALLY ILL, INC.
 SCHEDULE OF ACTIVITIES - BY BRANCH
 YEAR ENDED JUNE 30, 1999

	<u>Region I</u>	<u>Region X</u>			<u>Total</u>
	<u>Uptown Friend- Ship Club</u>	<u>West Bank Friend- ship Club</u>	<u>East Bank Drop-in Center</u>	<u>Newport Place</u>	
<u>SUPPORT AND REVENUE</u>					
Support:					
Donations	\$ 11,025	\$ 2,800	\$ 350	\$ 0	\$ 14,175
Miscellaneous	26,700	8,271	1,367	0	36,338
Revenue:					
Fees for services	687,522	341,646	85,616	0	1,114,784
Interest income	6,043	2,383	85	0	8,511
Dues	645	0	0	0	645
Change in split- interest agreements	2,760	1,089	39	0	3,888
Rental income	<u>0</u>	<u>0</u>	<u>0</u>	<u>28,299</u>	<u>28,299</u>
Total Support and Revenue	<u>734,695</u>	<u>356,189</u>	<u>87,457</u>	<u>28,299</u>	<u>1,206,640</u>
<u>OPERATING EXPENSES AND LOSSES</u>					
Advertising	1,106	547	38	0	1,691
Amortization	133	0	0	0	133
Bank charges	968	382	14	0	1,364
Depreciation	16,416	6,781	7,376	4,281	34,854
Dues and subscriptions	849	486	245	0	1,580
Field travel	17,625	6,732	373	0	24,730
Insurance	80,796	28,638	8,042	0	117,476
Interest	16,790	4,146	10	0	20,946
Loss on disposal of property and equipment	33,350	13,152	470	0	46,972
Maintenance and repairs	18,092	5,911	3,597	2,747	30,347
Miscellaneous	27,564	3,249	729	478	32,020
Office supplies	8,438	2,618	645	0	11,701
Other supplies	9,152	4,968	4,491	0	18,611
Payments to beneficiaries	8,875	3,500	125	0	12,500
Payroll taxes	38,655	16,862	3,119	0	58,636
Postage	1,768	638	36	0	2,442
Printing	1,717	655	66	0	2,438
Professional fees	15,849	6,075	2,815	93	24,832
Retirement	19,489	7,951	914	0	28,354
Salaries	468,048	209,384	34,635	0	712,067
Taxes and licenses	2,715	1,071	38	0	3,824
Telephone	6,711	4,283	1,586	0	12,580
Training	733	85	42	0	860
Utilities	<u>12,737</u>	<u>5,158</u>	<u>5,714</u>	<u>3,300</u>	<u>26,909</u>
Total Operating Expenses and Losses	<u>808,576</u>	<u>333,272</u>	<u>75,120</u>	<u>10,899</u>	<u>1,227,867</u>
INCREASE (DECREASE) IN NET ASSETS	<u>\$(73,881)</u>	<u>\$ 22,917</u>	<u>\$12,337</u>	<u>\$17,400</u>	<u>\$(21,227)</u>

FRIENDS ALLIANCE FOR THE MENTALLY ILL, INC.
SCHEDULE OF ACTIVITIES - BY BRANCH
(Continued)
YEAR ENDED JUNE 30, 1998

	<u>Region I</u>		<u>Region X</u>		<u>Total</u>
	<u>Uptown Friendship Club</u>	<u>West Bank Friendship Club</u>	<u>East Jefferson Friendship Club</u>		
<u>SUPPORT AND REVENUE</u>					
Support:					
Donations	\$104,271	\$ 351	\$ 0		\$ 104,622
Miscellaneous	19,445	270	100		19,815
Revenue:					
Fees for services	746,769	196,603	168,628		1,112,000
Interest income	10,205	0	0		10,205
Dues	3,621	0	0		3,621
Change in split- interest agreements	<u>(1,841)</u>	<u>0</u>	<u>0</u>		<u>(1,841)</u>
Total Support and Revenue	<u>882,470</u>	<u>197,224</u>	<u>168,728</u>		<u>1,248,422</u>
<u>OPERATING EXPENSES</u>					
Advertising	1,395	20	100		1,515
Bank charges	965	0	0		965
Depreciation	17,728	5,458	4,467		27,653
Dues and subscriptions	1,188	222	164		1,574
Client assistance	11,186	0	0		11,186
Field travel	12,151	5,643	2,098		19,892
Insurance	84,379	19,112	9,961		113,452
Interest	13,358	4,215	3,614		21,187
Maintenance and repairs	11,790	2,698	3,181		17,669
Miscellaneous	12,067	134	182		12,383
Office supplies	5,711	1,105	1,550		8,366
Other supplies	8,720	3,364	3,620		15,704
Payments to beneficiaries	6,250	0	0		6,250
Payroll taxes	40,476	12,207	10,019		62,702
Postage	2,021	597	652		3,270
Printing	3,712	788	700		5,200
Professional fees	33,316	6,447	4,053		43,816
Retirement	2,215	483	514		3,212
Salaries	515,598	158,835	129,971		804,404
Taxes and licenses	2,231	150	215		2,596
Telephone	5,796	2,455	2,440		10,691
Training	374	247	487		1,108
Utilities	<u>12,768</u>	<u>4,873</u>	<u>2,711</u>		<u>20,352</u>
Total Operating Expenses	<u>805,395</u>	<u>229,053</u>	<u>180,699</u>		<u>1,215,147</u>
<u>INCREASE IN NET ASSETS</u>	<u>\$ 77,075</u>	<u>\$(31,829)</u>	<u>\$(11,971)</u>		<u>\$ 33,275</u>

FRIENDS ALLIANCE FOR THE MENTALLY ILL, INC.
 SCHEDULE OF ACTIVITIES - BY PROGRAM
 YEAR ENDED JUNE 30, 1999

	<u>Uptown Friendship Club</u>	<u>West Bank Friendship Club</u>	<u>Fair- weather Lodge</u>	<u>Case Management</u>
<u>SUPPORT AND REVENUE</u>				
Support:				
Donations	\$ 3,925	\$ 0	\$ 0	\$ 0
Miscellaneous	5,246	0	0	0
Revenue:				
Fees for services	222,395	245,870	39,342	50,080
Interest income	0	0	0	0
Dues	645	0	0	0
Change in split-interest agreements	0	0	0	0
Rental income	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Support and Revenue	<u>232,211</u>	<u>245,870</u>	<u>39,342</u>	<u>50,080</u>
<u>OPERATING EXPENSES AND LOSSES</u>				
Advertising	263	214	51	221
Amortization	133	0	0	0
Bank charges	0	0	0	0
Depreciation	4,835	4,551	1,010	295
Dues and subscriptions	0	315	69	47
Field travel	2,902	2,100	243	3,339
Insurance	20,444	15,459	3,289	4,083
Interest	16,101	3,874	0	0
Loss on disposal of property and equipment	0	0	0	0
Maintenance and repairs	8,852	4,139	797	250
Miscellaneous	5,892	20	0	0
Office supplies	4,819	1,759	284	163
Other supplies	5,510	3,968	218	58
Payments to beneficiaries	0	0	0	0
Payroll taxes	11,331	11,054	2,967	2,795
Postage	696	480	100	41
Printing	668	286	94	64
Professional fees	4,592	3,909	1,167	758
Retirement	6,686	5,024	1,218	1,734
Salaries	140,179	138,768	34,827	32,576
Taxes and licenses	0	0	0	0
Telephone	2,237	2,384	293	1,168
Training	15	0	0	0
Utilities	<u>4,052</u>	<u>3,255</u>	<u>775</u>	<u>360</u>
Total Operating Expenses	<u>240,207</u>	<u>201,559</u>	<u>47,402</u>	<u>47,952</u>
INCREASE (DECREASE) IN NET ASSETS	<u>\$ (7,996)</u>	<u>\$ 44,311</u>	<u>\$ (8,060)</u>	<u>\$ 2,128</u>

<u>Peer Support</u>	<u>Housing</u>	<u>Employment</u>	<u>Supported Living</u>	<u>Drop-in Centers</u>	<u>Newport Place</u>	<u>Trust and Administrative</u>	<u>Total</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 250	\$ 0	\$ 10,000	\$ 14,175
456	23	0	0	1,072	0	29,541	36,338
75,842	32,382	369,460	3,520	75,893	0	0	1,114,784
0	0	0	0	0	0	8,511	8,511
0	0	0	0	0	0	0	645
0	0	0	0	0	0	3,888	3,888
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>28,299</u>	<u>0</u>	<u>28,299</u>
<u>76,298</u>	<u>32,405</u>	<u>369,460</u>	<u>3,520</u>	<u>77,215</u>	<u>28,299</u>	<u>51,940</u>	<u>1,206,640</u>
77	51	746	0	25	0	43	1,691
0	0	0	0	0	0	0	133
0	0	0	0	0	0	1,364	1,364
1,514	1,010	7,235	73	7,481	4,281	2,569	34,854
91	69	598	12	239	0	140	1,580
4,042	2,958	7,045	0	0	0	2,101	24,730
9,234	9,738	25,983	224	6,795	0	22,227	117,476
0	0	0	0	0	0	971	20,946
0	0	0	0	0	0	46,972	46,972
1,177	942	5,655	62	3,676	2,747	2,050	30,347
2,115	3,491	13,209	0	0	478	6,815	32,020
436	303	2,385	6	753	0	793	11,701
288	456	1,530	21	4,648	0	1,914	18,611
0	0	0	0	0	0	12,500	12,500
4,870	4,286	14,444	225	2,864	0	3,800	58,636
148	114	694	0	0	0	169	2,442
127	94	682	11	211	0	201	2,438
1,541	1,207	6,884	209	2,667	93	1,805	24,832
2,897	3,246	4,008	162	740	0	2,639	28,354
57,296	50,597	168,792	2,852	31,499	0	54,681	712,067
0	0	0	0	0	0	3,824	3,824
957	602	2,446	14	1,734	0	745	12,580
0	0	845	0	0	0	0	860
<u>1,137</u>	<u>936</u>	<u>4,995</u>	<u>65</u>	<u>5,884</u>	<u>3,300</u>	<u>2,150</u>	<u>26,909</u>
<u>87,947</u>	<u>80,100</u>	<u>268,176</u>	<u>3,936</u>	<u>69,216</u>	<u>10,899</u>	<u>170,473</u>	<u>1,227,867</u>
<u>\$ (11,649)</u>	<u>\$ (47,695)</u>	<u>\$ 101,284</u>	<u>\$ (416)</u>	<u>\$ 7,999</u>	<u>\$ 17,400</u>	<u>\$ (118,533)</u>	<u>\$ (21,227)</u>

FRIENDS ALLIANCE FOR THE MENTALLY ILL, INC.
 SCHEDULE OF ACTIVITIES - BY PROGRAM
 YEAR ENDED JUNE 30, 1998

	Uptown Friendship Club	West Bank Friendship Club	East Jefferson Friendship Club	Fair- weather Lodge
SUPPORT AND REVENUE				
Support:				
Donations	\$ 0	\$ 351	\$ 0	\$ 0
Miscellaneous	5,841	270	100	0
Revenue:				
Fees for services	215,095	138,416	156,541	39,335
Interest income	6,134	0	0	0
Dues	3,300	0	0	0
Change in split-interest agreements	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Support and Revenue	<u>230,370</u>	<u>139,037</u>	<u>156,641</u>	<u>39,335</u>
OPERATING EXPENSES				
Advertising	284	0	93	15
Bank charges	14	0	0	0
Depreciation	4,577	4,037	4,212	1,319
Dues and subscriptions	554	213	155	16
Client assistance	0	0	0	0
Field travel	1,283	1,585	2,086	24
Insurance	22,123	12,777	9,133	2,882
Interest	3,702	3,066	3,407	1,067
Maintenance and repairs	4,866	2,094	2,897	596
Miscellaneous	1,393	134	182	0
Office supplies	2,580	801	1,363	206
Other supplies	4,936	2,621	2,937	204
Payments to beneficiaries	0	0	0	0
Payroll taxes	10,187	8,842	9,410	3,141
Postage	669	443	542	89
Printing	1,041	627	606	197
Professional fees	9,547	4,934	3,480	2,180
Retirement	482	387	418	193
Salaries	133,329	117,494	122,521	38,410
Taxes and licenses	166	150	215	0
Telephone	1,966	1,353	2,170	208
Training	0	233	473	0
Utilities	<u>4,809</u>	<u>3,842</u>	<u>1,942</u>	<u>626</u>
Total Operating Expenses	<u>208,508</u>	<u>165,633</u>	<u>168,242</u>	<u>51,373</u>
INCREASE (DECREASE) IN NET ASSETS	<u>\$ 21,862</u>	<u>\$ (26,596)</u>	<u>\$ (11,601)</u>	<u>\$ (12,038)</u>

<u>Case Management</u>	<u>Peer Support</u>	<u>Housing</u>	<u>Employment</u>	<u>Supported Living</u>	<u>Drop-in Centers</u>	<u>Trust and Administrative</u>	<u>Total</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$104,271	\$ 104,622
0	0	788	20	0	0	12,796	19,815
49,619	71,485	30,687	390,167	3,520	17,135	0	1,112,000
0	0	0	0	0	0	4,071	10,205
0	0	0	56	0	0	265	3,621
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(1,841)</u>	<u>(1,841)</u>
<u>49,619</u>	<u>71,485</u>	<u>31,475</u>	<u>390,243</u>	<u>3,520</u>	<u>17,135</u>	<u>119,562</u>	<u>1,248,422</u>
12	20	25	311	0	15	740	1,515
0	0	0	0	0	0	951	965
1,242	1,991	1,673	6,523	77	357	1,645	27,653
6	19	17	554	6	6	28	1,574
0	7,242	3,944	0	0	0	0	11,186
4,054	28	2,663	5,620	8	8	2,533	19,892
5,987	6,977	6,194	18,167	481	695	28,036	113,452
1,004	1,611	1,353	5,277	63	289	348	21,187
404	840	1,099	2,249	84	400	2,140	17,669
0	0	0	8,395	0	0	2,279	12,383
163	260	463	1,212	46	282	990	8,366
172	236	527	955	113	1,141	1,862	15,704
0	0	0	0	0	0	6,250	6,250
2,941	4,755	3,988	15,507	185	848	2,898	62,702
74	119	231	596	30	160	317	3,270
130	277	175	1,673	63	62	349	5,200
1,298	2,617	2,317	9,690	359	429	6,965	43,816
64	225	193	801	64	64	321	3,212
36,177	58,039	48,785	190,037	2,285	10,329	46,998	804,404
0	0	0	0	0	0	2,065	2,596
893	259	730	1,724	61	418	909	10,691
0	0	148	198	0	28	28	1,108
<u>522</u>	<u>795</u>	<u>1,651</u>	<u>3,047</u>	<u>261</u>	<u>1,017</u>	<u>1,840</u>	<u>20,352</u>
<u>55,143</u>	<u>86,310</u>	<u>76,176</u>	<u>272,536</u>	<u>4,186</u>	<u>16,548</u>	<u>110,492</u>	<u>1,215,147</u>
<u>\$(5,524)</u>	<u>\$(14,825)</u>	<u>\$(44,701)</u>	<u>\$117,707</u>	<u>\$(666)</u>	<u>\$ 587</u>	<u>\$ 9,070</u>	<u>\$ 33,275</u>

FRIENDS ALLIANCE FOR THE MENTALLY ILL, INC.
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 1999

ASSETS

Friends Alliance
for the
Mentally Ill,
Inc.

CURRENT ASSETS

Cash	\$ 66,700
Certificates of deposit	16,440
Investments	181,493
Due from State agencies	153,739
Due from non-related working affiliate	3,691
Prepaid expenses	6,710
Accrued interest receivable	0
Note receivable - Current portion	<u>0</u>
<i>Total Current Assets</i>	<u>428,773</u>

PROPERTY AND EQUIPMENT

Land	165,000
Building and improvements	925,035
Office furniture and equipment	65,055
Transportation equipment	74,150
Household equipment	24,971
Educational, recreational and cultural equipment	<u>1,237</u>
	1,255,448
Less: Accumulated depreciation	<u>203,257</u>
<i>Total Property and Equipment</i>	<u>1,052,191</u>

OTHER ASSETS

Note receivable - Friends Alliance for the Mentally Ill, Inc.	0
Investment in trust	250,000
Deferred loan fees, net of accumulated amortization of \$133	<u>7,825</u>
<i>Total Other Assets</i>	<u>257,825</u>
<i>Total Assets</i>	<u>\$1,738,789</u>

<u>Charitable Remainder Trust</u>	<u>Eliminating Entries</u>	<u>Consolidated</u>
\$ 433	\$ 0	\$ 67,133
0	0	16,440
94,101	0	275,594
0	0	153,739
0	0	3,691
0	0	6,710
339	(339)	0
<u>1,743</u>	<u>(1,743)</u>	<u>0</u>
<u>96,616</u>	<u>(2,082)</u>	<u>523,307</u>
0	0	165,000
0	0	925,035
0	0	65,055
0	0	74,150
0	0	24,971
<u>0</u>	<u>0</u>	<u>1,237</u>
0	0	1,255,448
<u>0</u>	<u>0</u>	<u>203,257</u>
<u>0</u>	<u>0</u>	<u>1,052,191</u>
156,632	(156,632)	0
0	(250,000)	0
<u>0</u>	<u>0</u>	<u>7,825</u>
<u>156,632</u>	<u>(406,632)</u>	<u>7,825</u>
<u>\$253,248</u>	<u>\$(408,714)</u>	<u>\$1,583,323</u>

FRIENDS ALLIANCE FOR THE MENTALLY ILL, INC.
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
(Continued)
JUNE 30, 1999

Friends Alliance
for the
Mentally Ill,
Inc.

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 49,563
Salaries payable	2,565
Interest payable	3,300
Current maturities of long-term debt	<u>18,739</u>

Total Current Liabilities 74,167

LONG-TERM DEBT

Non-current maturities	<u>604,077</u>
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OTHER LIABILITIES

Annuities payable	148,183
Deposits	<u>1,975</u>

Total Other Liabilities 150,158

Total Liabilities 828,402

NET ASSETS

Temporarily restricted	103,658
Unrestricted	<u>806,729</u>

Total Net Assets 910,387

Total Liabilities and Net Assets \$1,738,789

<u>Charitable Remainder Trust</u>	<u>Eliminating Entries</u>	<u>Consolidated</u>
\$ 0	\$ 0	\$ 49,563
0	0	2,565
0	339	2,961
<u>0</u>	<u>1,743</u>	<u>16,996</u>
<u>0</u>	<u>2,082</u>	<u>72,085</u>
<u>0</u>	<u>156,632</u>	<u>447,445</u>
0	0	148,183
<u>0</u>	<u>0</u>	<u>1,975</u>
<u>0</u>	<u>0</u>	<u>150,158</u>
<u>0</u>	<u>158,714</u>	<u>669,688</u>
250,000	250,000	103,658
<u>3,248</u>	<u>0</u>	<u>809,977</u>
<u>253,248</u>	<u>250,000</u>	<u>913,635</u>
<u>\$253,248</u>	<u>\$408,714</u>	<u>\$1,583,323</u>

FRIENDS ALLIANCE FOR THE MENTALLY ILL, INC.
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
(Continued)
JUNE 30, 1998

ASSETS

Friends Alliance
for the
Mentally Ill,
Inc.

CURRENT ASSETS

Cash	\$ 77,759
Certificates of deposit	15,000
Investments	44,788
Due from State agencies	182,138
Due from non-related working affiliate	6,244
Prepaid taxes	3,112
Accrued interest receivable	0
Note receivable - Current portion	<u>0</u>

Total Current Assets 329,041

PROPERTY AND EQUIPMENT

Land	245,000
Building and improvements	881,602
Office furniture and equipment	86,194
Transportation equipment	74,150
Household equipment	15,644
Educational, recreational and cultural equipment	<u>1,837</u>

1,304,427
336,465

Less: Accumulated depreciation

Total Property and Equipment 967,962

OTHER ASSETS

Note receivable - Friends Alliance for the Mentally Ill, Inc.	0
Investment in trust	<u>250,000</u>

Total Other Asset 250,000

Total Assets \$1,547,003

<u>Charitable Remainder Trust</u>	<u>Eliminating Entries</u>	<u>Consolidated</u>
\$ 12,850	\$ 0	\$ 90,609
0	0	15,000
83,269	0	128,057
0	0	182,138
0	0	6,244
0	0	3,112
342	(342)	0
<u>1,625</u>	<u>(1,625)</u>	<u>0</u>
<u>98,086</u>	<u>(1,967)</u>	<u>425,160</u>
0	0	245,000
0	0	881,602
0	0	86,194
0	0	74,150
0	0	15,644
<u>0</u>	<u>0</u>	<u>1,837</u>
0	0	1,304,427
<u>0</u>	<u>0</u>	<u>336,465</u>
<u>0</u>	<u>0</u>	<u>967,962</u>
158,375	(158,375)	0
<u>0</u>	<u>(250,000)</u>	<u>0</u>
<u>158,375</u>	<u>(408,375)</u>	<u>0</u>
<u>\$256,461</u>	<u>\$(410,342)</u>	<u>\$1,393,122</u>

FRIENDS ALLIANCE FOR THE MENTALLY ILL, INC.
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
(Continued)
JUNE 30, 1998

Friends Alliance
for the
Mentally Ill,
Inc.

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 8,871
Salaries payable	29,347
Interest payable	1,789
Current maturities of long-term debt	152,679
Due to beneficiaries	<u>0</u>

Total Current Liabilities 192,686

LONG-TERM DEBT

Non-current maturities	267,595
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OTHER LIABILITY

Annuities payable	<u>152,071</u>
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Total Liabilities 612,352

NET ASSETS

Permanently restricted	372
Temporarily restricted	99,770
Unrestricted	<u>834,509</u>

Total Net Assets 934,651

Total Liabilities and Net Assets \$1,547,003

<u>Charitable Remainder Trust</u>	<u>Eliminating Entries</u>	<u>Consolidated</u>
\$ 0	\$ 0	\$ 8,871
0	0	29,347
0	342	1,447
0	1,625	151,054
<u>6,250</u>	<u>0</u>	<u>6,250</u>
6,250	1,967	196,969
0	158,375	109,220
<u>0</u>	<u>0</u>	<u>152,071</u>
<u>6,250</u>	<u>160,342</u>	<u>458,260</u>
0	0	372
250,000	250,000	99,770
<u>211</u>	<u>0</u>	<u>834,720</u>
<u>250,211</u>	<u>250,000</u>	<u>934,862</u>
<u>\$256,461</u>	<u>\$410,342</u>	<u>\$1,393,122</u>

FRIENDS ALLIANCE FOR THE MENTALLY ILL, INC.
 CONSOLIDATING STATEMENT OF ACTIVITIES
 YEAR ENDING JUNE 30, 1999

Friends Alliance
 for the
 Mentally Ill,
 Inc.

SUPPORT AND REVENUE

Support:

Donations	\$ 14,175
Miscellaneous	<u>36,338</u>

<i>Total Support</i>	<u>50,513</u>
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Revenue:

Fees for services - OMH/JPHSA	1,114,784
Interest income	4,059
Dues	645
Change in split-interest agreement	3,888
Rental income	<u>28,299</u>

<i>Total Revenue</i>	<u>1,151,675</u>
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<i>Total Support and Revenue</i>	<u>1,202,188</u>
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EXPENSES

Program Services:

Fairweather Lodge	47,402
Case management	47,952
Peer support	87,947
Housing	80,100
Employment	268,176
Drop-in Centers	69,216
Supported living	3,936
Newport Place	<u>10,899</u>

<i>Total Program Services</i>	<u>615,628</u>
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Supporting Services:

Medicaid and General	440,351
Trust and Administrative	<u>170,473</u>

<i>Total Supporting Services</i>	<u>610,824</u>
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<i>Total Expenses</i>	<u>1,226,452</u>
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<u>INCREASE (DECREASE) IN NET ASSETS</u>	<u>\$ (24,264)</u>
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<u>Charitable Remainder Trust</u>	<u>Eliminating Entries</u>	<u>Consolidated</u>
\$ 0	\$ 0	\$ 14,175
<u>0</u>	<u>0</u>	<u>36,338</u>
<u>0</u>	<u>0</u>	<u>50,513</u>
0	0	1,114,784
15,601	11,149	8,511
0	0	645
0	0	3,888
<u>0</u>	<u>0</u>	<u>28,299</u>
<u>15,601</u>	<u>11,149</u>	<u>1,156,127</u>
<u>15,601</u>	<u>11,149</u>	<u>1,206,640</u>
0	0	47,402
0	0	47,952
0	0	87,947
0	0	80,100
0	0	268,176
0	0	69,216
0	0	3,936
<u>0</u>	<u>0</u>	<u>10,899</u>
<u>0</u>	<u>0</u>	<u>615,628</u>
12,564	(11,149)	441,766
<u>0</u>	<u>0</u>	<u>170,473</u>
<u>12,564</u>	<u>(11,149)</u>	<u>612,239</u>
<u>12,564</u>	<u>(11,149)</u>	<u>1,227,867</u>
<u>\$ 3,037</u>	<u>\$ 0</u>	<u>\$ (21,227)</u>

FRIENDS ALLIANCE FOR THE MENTALLY ILL, INC.
CONSOLIDATING STATEMENT OF ACTIVITIES
(Continued)
YEAR ENDING JUNE 30, 1998

Friends Alliance
for the
Mentally Ill,
Inc.

SUPPORT AND REVENUE

Support:

Donations	\$ 104,622
Miscellaneous	<u>19,815</u>

<i>Total Support</i>	<u>124,437</u>
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Revenue:

Fees for services - OMH/JPHSA	1,112,000
Interest income	4,071
Dues	3,621
Change in split-interest agreement	<u>(1,841)</u>

<i>Total Revenue</i>	<u>1,117,851</u>
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<i>Total Support and Revenue</i>	<u>1,242,288</u>
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EXPENSES

Program Services:

Fairweather Lodge	51,373
Case management	55,143
Peer support	86,310
Housing	76,176
Employment	272,536
Drop-in Centers	16,548
Supported living	<u>4,186</u>

<i>Total Program Services</i>	562,272
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Supporting Services:

Medicaid and General	542,383
Trust and Administrative	<u>104,569</u>

<i>Total Supporting Services</i>	<u>646,952</u>
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<i>Total Expenses</i>	<u>1,209,224</u>
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INCREASE IN NET ASSETS

\$ 33,064

<u>Charitable Remainder Trust</u>	<u>Eliminating Entries</u>	<u>Consolidated</u>
\$ 0	\$ 0	\$ 104,622
<u>0</u>	<u>0</u>	<u>19,815</u>
<u>0</u>	<u>0</u>	<u>124,437</u>
0	0	1,112,000
6,476	342	10,205
0	0	3,621
<u>0</u>	<u>0</u>	<u>(1,841)</u>
<u>6,476</u>	<u>342</u>	<u>1,123,985</u>
<u>6,476</u>	<u>342</u>	<u>1,248,422</u>
0	0	51,373
0	0	55,143
0	0	86,310
0	0	76,176
0	0	272,536
0	0	16,548
<u>0</u>	<u>0</u>	<u>4,186</u>
0	0	562,272
0	0	542,383
<u>6,265</u>	<u>(342)</u>	<u>110,492</u>
<u>6,265</u>	<u>(342)</u>	<u>652,875</u>
<u>6,265</u>	<u>(342)</u>	<u>1,215,147</u>
<u>\$ 211</u>	<u>\$ 0</u>	<u>\$ 33,275</u>

SPILSBURY, HAMILTON, LEGENDRE & PACIERA

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LEROY P. LEGENDRE, C.P.A.
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(1905-1985)

MEMBERS OF
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SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND
ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Executive Director and Board of Directors
Friends Alliance for the Mentally Ill, Inc.
New Orleans, Louisiana

We have audited the financial statements of Friends Alliance for the Mentally Ill, Inc. ("Friends AMI") as of and for the year ended June 30, 1999, and have issued our report thereon dated August 31, 1999. 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 Friends AMI'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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Friends AMI'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 internal control components

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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 solely for the information and use of the Executive Director, Board of Directors, management, and the Louisiana Legislative Auditor, and is not intended to be and should not be used by anyone other than these specified parties.

Spilsbury, Hamilton, Legendre & Paciera

August 31, 1999

SPILSBURY, HAMILTON, LEGENDRE & PACIERA

KEITH T. HAMILTON, C.P.A.
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Executive Director and Board of Directors
Friends Alliance for the Mentally Ill, Inc.
New Orleans, Louisiana

We have audited the financial statements of Friends Alliance for the Mentally Ill, Inc. (a non-profit organization) as of and for the year ended June 30, 1999, and have issued our report thereon dated August 31, 1999.

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, contracts and grants applicable to Friends Alliance for the Mentally Ill, Inc. is the responsibility of the management of Friends Alliance for the Mentally Ill, Inc. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of Friends AMI's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the financial statements 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 that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Executive Director, Board of Directors, management, and the Louisiana Legislative Auditor, and is not intended to be and should not be used by anyone other than these specified parties.

Spilbury, Hamilton, Legendre & Paciera