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*A Corporation Of
Certified Public Accountants*

**THE FAMILY TREE INFORMATION, EDUCATION
AND COUNSELING CENTER, INC.**

AUDITED FINANCIAL STATEMENTS

For the Years Ended December 31, 2003 and 2002

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the 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 9.1.04

*Post Office Box 53147, 102 Versailles Blvd. Suite 808
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THE FAMILY TREE INFORMATION, EDUCATION AND COUNSELING CENTER, INC.

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THIBODAUX**HEBERT****DESHOTELS****LEBLANC****INDEPENDENT AUDITORS' REPORT**

The Officers and Directors
 The Family Tree Information, Education and
 Counseling Center, Inc.
 Lafayette, Louisiana

Jack B. Thibodaux, Jr.
 Alan D. Hebert
 Norbert A. Deshotels
 Phillip P. LeBlanc
 Howard C. Schoeffler
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 Certified Public Accountants

We have audited the accompanying statements of financial position of The Family Tree Information, Education and Counseling Center, Inc. (*a non-profit organization*) as of December 31, 2003 and 2002, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Center's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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 audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Family Tree Information, Education and Counseling Center, Inc. as of December 31, 2003 and 2002, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 8, 2004 on our consideration of The Family Tree Information, Education and Counseling Center, Inc.'s internal control structure and a report dated June 8, 2004 on its compliance with laws and regulations. These reports are integral parts of an audit performed in accordance with *Governmental Auditing Standards* and should be read in conjunction with this report considering the results of our audit.

Thibodaux Hebert Deshotels LeBlanc
 CERTIFIED PUBLIC ACCOUNTANTS

June 8, 2004

**THE FAMILY TREE INFORMATION, EDUCATION
AND COUNSELING CENTER, INC.**

**STATEMENTS OF FINANCIAL POSITION
December 31, 2003 and 2002**

	<u>2003</u>	<u>2002</u>
Assets:		
Cash and cash equivalents	\$20,888	\$ -
Accounts receivable		
State Contracts	47,169	43,650
Trade	2,593	2,334
Other	2,952	-
Short-term investments	31,346	25,979
Prepaid expenses	1,641	3,816
Certificates of deposit - restricted	345,000	35,000
Property and equipment, net	41,348	47,909
Deposits	350	350
	<hr/>	<hr/>
Total assets	\$493,287	\$159,038
	<hr/>	<hr/>
Liabilities and net assets:		
Bank overdraft	\$ -	\$6,473
Accounts payable	62,691	45,831
Interest payable	1,954	-
Note payable	8,103	7,600
Other current liabilities	105	298
Note payable, net of current portion	313,513	11,599
Net assets:		
Unrestricted	106,921	87,237
	<hr/>	<hr/>
Total liabilities and net assets	\$493,287	\$159,038
	<hr/>	<hr/>

The accompanying notes are an integral part of these financial statements.

THE FAMILY TREE INFORMATION, EDUCATION AND COUNSELING CENTER, INC.

STATEMENTS OF ACTIVITIES For the Years Ended December 31, 2003 and 2002

	<u>2003</u>	<u>2002</u>
Changes in unrestricted net assets:		
Revenues and gains:		
Counseling revenue	\$145,667	\$129,336
Public support donations	5,270	11,396
United Way allocation	171,810	169,130
Fundraising	47,917	45,793
Grants	355,824	231,985
Program revenue	47,567	46,194
In-kind donations	95,038	19,500
Investment income	9,784	2,321
Membership dues	1,280	1,420
Net realized and unrealized gain on investments	5,259	-
Other revenue	4,830	144
Total unrestricted revenues and gains	890,246	657,219
Expenses and losses:		
Program services		
Education	160,838	119,423
Counseling	362,473	291,611
Outreach	235,100	182,684
Fund raising	30,081	24,002
Supporting services		
Administrative and general	82,070	56,467
Net realized and unrealized losses on investments	-	9,864
Total expenses and losses	870,562	684,051
Increase (decrease) in unrestricted net assets	19,684	(26,832)
Unrestricted net assets at beginning of year	87,237	114,069
Net assets at end of year	\$106,921	\$87,237

The accompanying notes are an integral part of these financial statements.

**THE FAMILY TREE INFORMATION, EDUCATION
AND COUNSELING CENTER, INC.**

**STATEMENTS OF FUNCTIONAL EXPENSES
For the Years Ended December 31, 2003 and 2002**

	<u>Education</u>	<u>Counseling</u>	<u>Outreach</u>	<u>Fund Raising</u>	<u>Administrative and General</u>	<u>2003 Total</u>	<u>2002 Total</u>
Bank charges	\$ -	\$18	\$10	-	\$177	\$205	\$ -
Conferences and meetings	692	1,846	2,855	-	692	6,085	6,966
Consultants	22,807	6,965	-	-	-	29,772	30,502
Default cost	-	-	6,825	-	-	6,825	-
Depreciation	1,071	5,353	3,212	-	1,071	10,705	11,505
Fundraising expense	-	-	-	30,081	-	30,081	24,002
In-kind donations	9,504	47,519	28,511	-	9,504	95,038	19,500
Insurance	5,246	26,239	15,740	-	1,535	48,761	36,206
Interest	298	1,491	5,013	-	298	7,100	11,258
Library	820	117	1,332	-	23	2,293	11,068
Maintenance	5,089	1,741	2,009	-	280	9,119	8,407
Membership dues	242	1,208	875	-	242	2,565	3,107
Miscellaneous	715	2,293	2,488	-	418	5,914	5,692
Newsletters and printing	1,857	1,857	3,570	-	-	7,283	5,358
Office supplies	1,030	1,549	2,554	-	515	5,648	5,880
Payroll taxes	6,795	16,873	8,580	-	4,365	36,613	31,838
Postage	1,438	599	540	-	359	2,936	3,183
Professional fees	930	3,011	2,090	-	602	6,633	6,317
Program supplies	12,702	92	6,662	-	-	19,456	11,728
Rent	-	-	6,300	-	-	6,300	6,300
Salaries	83,763	236,072	121,491	-	60,111	501,437	430,937
Staff mileage	1,277	5,591	10,483	-	982	18,333	13,663
Telephone	4,562	2,042	3,960	-	896	11,460	10,770
Total expenses	<u>\$160,838</u>	<u>\$362,473</u>	<u>\$235,100</u>	<u>\$30,081</u>	<u>\$82,070</u>	<u>\$870,562</u>	<u>\$674,187</u>

The accompanying notes are an integral part of these financial statements.

THE FAMILY TREE INFORMATION, EDUCATION AND COUNSELING CENTER, INC.

STATEMENTS OF CASH FLOWS For the Years Ended December 31, 2003 and 2002

	<u>2003</u>	<u>2002</u>
Cash flows from operating activities:		
Change in net assets	\$19,684	(\$26,832)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	10,705	11,505
Net realized and unrealized (gain) loss on investments	(5,259)	9,864
Changes in assets and liabilities:		
Accounts receivable	(6,731)	(14,602)
Prepaid expenses	2,175	(494)
Accounts payable and accrued liabilities	16,667	1,939
Interest payable	1,954	-
Net cash provided by (used in) operating activities	<u>39,195</u>	<u>(18,620)</u>
Cash flows from investing activities:		
Purchase of investments	(107)	(929)
Purchase of certificates of deposit	(310,000)	-
Proceeds from the sale of investments	-	24,293
Purchase of property and equipment	(4,144)	(4,588)
Net cash provided by (used in) investing activities	<u>(314,251)</u>	<u>18,776</u>
Cash flows from financing activities:		
Proceeds from the issuance of debt	310,000	-
Repayment of debt principal	(7,583)	(7,353)
Net cash provided by (used in) financing activities	<u>302,417</u>	<u>(7,353)</u>
Net increase (decrease) in cash and cash equivalents	27,361	(7,197)
Cash and cash equivalents at beginning of year	(6,473)	724
Cash and cash equivalents at end of year	<u>\$20,888</u>	<u>(\$6,473)</u>
Supplemental disclosure of cash flow information:		
Cash paid during the year for:		
Interest	<u>\$5,146</u>	<u>\$1,258</u>

The accompanying notes are an integral part of these financial statements.

**THE FAMILY TREE INFORMATION, EDUCATION
AND COUNSELING CENTER, INC.**

NOTES TO FINANCIAL STATEMENTS

NOTE 1: ORGANIZATION

The Family Tree Information, Education and Counseling Center, Inc., a nonprofit corporation, was established in 1979 to support, strengthen, and enlighten family life. The Center focuses on providing support through educational programs and counseling services. The Center's services are available to residents of Lafayette, Vermilion, St. Landry, St. Mary, St. Martin, Iberia, Acadia and Evangeline parishes.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Method of Accounting

Assets and liabilities, and revenues and expenses, are recognized on the accrual basis of accounting.

Property and Equipment

Property and equipment are stated at cost. Expenditures for property and equipment and items which substantially increase the useful lives of existing assets are capitalized at cost and depreciated. Routine expenditures for repairs and maintenance are expensed as incurred. The cost and related accumulated depreciation of property and equipment disposed of are eliminated from the accounts, and any resulting gain or loss is recognized.

Depreciation is provided utilizing the straight-line method. Depreciation expense amounted to \$10,705 and \$11,505 for the years ended December 31, 2003 and 2002, respectively.

Restricted Deposits

The Center has a certificate of deposit with a balance of \$35,000 at December 31, 2003 that is being held by the bank as collateral for a loan issued to the Center. The Center also has a certificate of deposit with a balance of \$310,000 at December 31, 2003 that serves as collateral for loans issued through the Ways to Work program, as described in Note 8.

Cash Flows

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

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.

Advertising

Advertising costs, except for costs associated with direct-response advertising, are charged to operations when incurred. The costs of direct-response advertising are capitalized and amortized over the period during which future benefits are expected to be received. There was no advertising expense incurred during the years ended December 31, 2003 and 2002.

**THE FAMILY TREE INFORMATION, EDUCATION
AND COUNSELING CENTER, INC.**

NOTES TO FINANCIAL STATEMENTS

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable

The Center considers accounts receivable to be fully collectible; accordingly no allowance for doubtful accounts is required.

Income Taxes

The Center is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

Donor-Restricted Funds

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases these asset classes. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Center reports the support as unrestricted.

Contributed property and equipment is recorded at fair value at the date of donation. In the absence of donor-imposed stipulations regarding how long the contributed assets must be used, the organization has adopted a policy of implying a time restriction on contributions of such assets that expires over the assets' useful lives; consequently, contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as unrestricted support.

Credit Risk

Financial instruments that potentially subject the Center to credit risk include cash and cash equivalents. Cash and cash equivalents on deposit are secured by the FDIC and SPIC up to \$100,000. At December 31, 2003, the Center exceeded the insured limit by approximately \$355,970.

NOTE 3: DONATED SERVICES AND FACILITIES

The Center occupies a building at 605 West St. Mary Boulevard under an agreement with Our Lady of Lourdes Regional Medical Center. No rent or utilities are paid by the Center. The Landlord has estimated the approximate fair value of the annual rental to be \$72,440 and \$15,600 and the fair value of the utilities to be \$4,080 and \$3,900 for the years ended December 31, 2003 and 2002, respectively. Also, the Center receives donated services from a local bank associated with the Ways to Work program. The bank has estimated the approximate fair value of the services to be \$18,518 for the year ended December 31, 2003. These amounts have been recorded as in-kind donations and expenses on the statement of activities.

**THE FAMILY TREE INFORMATION, EDUCATION
AND COUNSELING CENTER, INC.**

NOTES TO FINANCIAL STATEMENTS

NOTE 4: PROPERTY AND EQUIPMENT

At December 31, 2003 and 2002, property and equipment and the related accumulated depreciation consist of the following:

	<u>2003</u>	<u>2002</u>
Office furniture and equipment	\$82,558	\$78,414
Leasehold improvements	<u>37,043</u>	<u>37,043</u>
	119,601	115,457
Less: accumulated depreciation	<u>78,253</u>	<u>67,548</u>
Property and equipment, net	<u>\$41,348</u>	<u>\$47,909</u>

NOTE 5: NOTE PAYABLE

The following is a summary of notes payable and pledged assets at December 31, 2003 and 2002.

	<u>2003</u>	<u>2002</u>
Iberia Bank, \$29,129 note dated July 24, 2001, due May 25, 2005, payable in monthly installments of \$717, interest rate 6.42%, secured by certificate of deposit	\$11,616	\$19,199
Ways to Work, Inc., \$310,000 note dated March 14, 2003, \$155,000 of principal due March 14, 2007 and \$155,000 of principal due March 14, 2008, interest only payments until March 14, 2007, interest rate 2.50%, unsecured	<u>310,000</u>	<u>-</u>
	321,616	19,199
Less: Current portion	<u>8,103</u>	<u>7,600</u>
Long-term portion	<u>\$313,513</u>	<u>\$11,599</u>

Following are maturities of long-term debt for each of the next 5 years:

2005	\$3,513
2006	-
2007	155,000
2008	155,000
Thereafter	<u>-</u>
Total	<u>\$313,513</u>

**THE FAMILY TREE INFORMATION, EDUCATION
AND COUNSELING CENTER, INC.**

NOTES TO FINANCIAL STATEMENTS

NOTE 6: INVESTMENTS

Investments are comprised of equity funds and are recorded at fair value. Investments as of December 31, 2003 are summarized as follows:

	<u>Cost</u>	<u>Market Value</u>	<u>Carrying Value</u>
Equity funds	<u>\$51,724</u>	<u>\$31,346</u>	<u>\$31,346</u>

Investments as of December 31, 2002 are summarized as follows:

	<u>Cost</u>	<u>Market Value</u>	<u>Carrying Value</u>
Equity funds	<u>\$51,570</u>	<u>\$25,979</u>	<u>\$25,979</u>

For the years ended December 31, 2003 and 2002, net realized and unrealized gains (losses) on unrestricted investments were \$5,259 and (\$9,864), respectively.

The Center maintains investments at one institution. Balances are insured by the Securities Investor Protection Corporation (SIPC) up to \$500,000. At December 31, 2003, the Center's investments were fully insured by the SIPC.

NOTE 7: COUNSELING REVENUE

Counseling revenues are shown net of fees allowance. Fees allowance is computed with a sliding fee scale that adjust counseling fees according to each patient's household income.

	<u>2003</u>	<u>2002</u>
Counseling fees, gross	\$281,785	\$244,002
Less: Fees allowance	<u>136,118</u>	<u>114,666</u>
Counseling revenues, net	<u>\$145,667</u>	<u>\$129,336</u>

NOTE 8: WAYS TO WORK PROGRAM

On March 14, 2003, the Center borrowed \$310,000 from Ways to Work, Inc., an affiliate of Alliance for Children and Families, to fund a new program called Ways to Work. The purpose of this program is to qualify parents for modest loans to enable a car purchase or repair. The Center has partnered with a local bank and various local charities have donated cash and services to fund operations of the program. The \$310,000 loan serves as collateral on the individual loans and is restricted.

THIBODAUX**HEBERT****DESHOTELS****LEBLANC**

**INDEPENDENT AUDITORS' REPORT ON INTERNAL
CONTROL STRUCTURE BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

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The Officers and Directors
The Family Tree Information, Education and
Counseling Center, Inc.
Lafayette, Louisiana

We have audited the financial statements of The Family Tree Information, Education and Counseling Center, Inc. (*a non-profit organization*) as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated June 8, 2004.

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

The management of The Family Tree Information, Education and Counseling Center, Inc. is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments made by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audits of the financial statements of The Family Tree Information, Education and Counseling Center, Inc. for the years ended December 31, 2003 and 2002, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

This report is intended for the information of the Board of Directors and management of The Family Tree Information, Education and Counseling Center, Inc. This is not intended to limit the distribution of this report, which is a matter of public record.

Thibodaux Robert Deshotel LeBlanc
CERTIFIED PUBLIC ACCOUNTANTS

June 8, 2004

THIBODAUX**HEBERT****DESHOTELS****LEBLANC**

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

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 Lafayette, Louisiana

We have audited the financial statements of The Family Tree Information, Education and Counseling Center, Inc. (*a non-profit organization*) as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated June 8, 2004.

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

Compliance with laws, regulations, contracts, and grants applicable to The Family Tree Information, Education and Counseling Center, Inc. is the responsibility of management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of 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 for the information of the Board of Directors and management of The Family Tree Information, Education and Counseling Center, Inc. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Thibodaux Hebert Deshotels LeBlanc
 CERTIFIED PUBLIC ACCOUNTANTS

June 8, 2004