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**MENTAL HEALTH SOLUTIONS, INC.
D/B/A HEALTH ACCESS/
NORTHWEST LOUISIANA FAMILY CRISIS CENTER
FINANCIAL STATEMENTS
JUNE 30, 2003 AND 2004**

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 2-2-05

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**CERTIFIED PUBLIC ACCOUNTANT
MEMBER OF AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS**

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G E O R G E E . M C G O V E R N I I I

CERTIFIED PUBLIC ACCOUNTANT
MEMBER OF AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

P. O. Box 7155
Shreveport, LA 71137-7155
318-222-7555

1300 Grimmert Drive
Shreveport, LA 71107
FAX 318-222-7772

George E. McGovern III C.P.A.
George A. Burton, Jr. C.P.A.

December 20, 2004

Independent Auditor's Report

To the Board of Directors
Mental Health Solutions, Inc.
d/b/a Health Access/Northwest Louisiana Family Crisis Center

I have audited the accompanying statements of financial position of Mental Health Solutions, Inc. d/b/a Health Access/Northwest Louisiana Family Crisis Center (a nonprofit organization) as of June 30, 2003 and 2004, and the related statements of activities, functional expenses and cash flows for the years then ended. This financial statement is the responsibility of the Organization's management. My responsibility is to express an opinion on this financial statement based on my audit.

I conducted my audit in accordance with generally accepted auditing standards as used in the United States of America and Government Auditing Standards issued by the Comptroller General of the United States; and the provisions of Office of Management and Budget Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Institutions." Those standards require that I 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. I believe that my audit provides a reasonable basis for my opinion.

The data included as supplemental information on Schedule 1 is presented as additional information and does not necessarily include all of the information required by generally accepted accounting principles in the United States of America.

In accordance with Government Auditing Standards, I have also issued a report dated December 20, 2004, on my consideration of the Company's internal control over financial reporting and my test of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of my audit.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mental Health Solutions, Inc. d/b/a Health Access/Northwest Louisiana Family Crisis Center as of June 30, 2003 and 2004, and the changes in its net assets and its cash flows for the years then ended in conformity with generally accepted accounting principles.

Sincerely,

George E. McGovern III
Certified Public Accountant

MENTAL HEALTH SOLUTIONS, INC.
D/B/A HEALTH ACCESS/NORTHWEST LOUISIANA FAMILY CRISIS CENTER
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2003 AND 2004

	<u>6/30/03</u>	<u>6/30/04</u>
ASSETS		
Current Assets		
Accounts Receivable - Grants	\$ 30,037	\$ 25,845
Total Current Assets	<u>30,037</u>	<u>25,845</u>
Fixed Assets and Capitalized Leases		
Office Equipment	21,427	21,427
Computer Equipment	57,117	8,268
Less Accumulated Depreciation & Amortization	<u>(78,544)</u>	<u>(22,253)</u>
Net Depreciable Fixed Assets & Capitalized Leases	<u>0</u>	<u>7,442</u>
Total Fixed Assets	<u>0</u>	<u>7,442</u>
Total Assets	<u>\$ 30,037</u>	<u>\$ 33,287</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Cash Deficit	\$ 11,319	\$ 4,799
Accounts Payable and Accrued Expenses	20,491	14,552
Payroll and Payroll Taxes Payable	167,347	80,266
Notes Payable - Related Party	29,870	44,363
Other Payables	<u>16,000</u>	<u>0</u>
Total Current Liabilities	<u>245,027</u>	<u>143,980</u>
Total Liabilities	<u>245,027</u>	<u>143,980</u>
Net Assets (Deficit)		
Unrestricted Net Assets (Deficit)	(214,990)	(110,693)
Temporarily Restricted Net Assets	0	0
Permanently Restricted Net Assets	<u>0</u>	<u>0</u>
Total Net Assets (Deficit)	<u>(214,990)</u>	<u>(110,693)</u>
Total Liabilities and Net Assets	<u>\$ 30,037</u>	<u>\$ 33,287</u>

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

MENTAL HEALTH SOLUTIONS, INC.
 D/B/A HEALTH ACCESS/NORTHWEST LOUISIANA FAMILY CRISIS CENTER
 STATEMENTS OF ACTIVITIES
 YEARS ENDED JUNE 30, 2003 AND 2004

	<u>6/30/03</u>	<u>6/30/04</u>
Changes in Unrestricted Net Assets		
Public Support		
United Way	\$ 8,578	\$ 12,319
Total Public Support	<u>8,578</u>	<u>12,319</u>
Revenue		
Independent Living Mentor Program	21,240	0
Independent Living	79,600	79,602
Family Preservation	584,036	569,303
Write Off of Liabilities	0	79,434
Other	<u>3,150</u>	<u>2,331</u>
Total Revenue	<u>688,026</u>	<u>730,670</u>
Total Public Support and Revenue	<u>696,604</u>	<u>742,989</u>

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

MENTAL HEALTH SOLUTIONS, INC.
 D/B/A HEALTH ACCESS/NORTHWEST LOUISIANA FAMILY CRISIS CENTER
 STATEMENTS OF ACTIVITIES
 YEARS ENDED JUNE 30, 2003 AND 2004

	<u>6/30/03</u>	<u>6/30/04</u>
Expenses		
Program Services		
Family Preservation	\$ 347,218	\$ 500,617
Independent Living	100,256	76,782
Independent Living Mentor Program	<u>26,648</u>	<u>0</u>
Total Program Services	474,122	577,399
Supporting Services		
Management and General	<u>226,286</u>	<u>61,293</u>
Total Expenses	<u>700,408</u>	<u>638,692</u>
Increase (Decrease) in Unrestricted Net Assets	<u>(3,804)</u>	<u>104,297</u>
Increase (Decrease) in Net Assets	(3,804)	104,297
Net Assets (Deficit) at Beginning of Years	<u>(211,186)</u>	<u>(214,990)</u>
Net Assets (Deficit) at End of Years	<u><u>\$(214,990)</u></u>	<u><u>\$(110,693)</u></u>

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

MENTAL HEALTH SOLUTIONS, INC.
D/B/A HEALTH ACCESS/NORTHWEST LOUISIANA FAMILY CRISIS CENTER
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2003

	<u>Family Preservation</u>	<u>Independent Living Mentor Program</u>	<u>Independent Living</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Total Expenses</u>
Salaries	\$ 227,205	\$ 18,710	\$ 70,389	\$ 316,304	\$ 59,939	\$ 376,243
Payroll Taxes and Fringe Benefits	<u>13,654</u>	<u>1,124</u>	<u>4,230</u>	<u>19,008</u>	<u>3,603</u>	<u>22,611</u>
Total Salaries and Payroll Taxes and Fringe Benefits	<u>240,859</u>	<u>19,834</u>	<u>74,619</u>	<u>335,312</u>	<u>63,542</u>	<u>398,854</u>
Professional Fees	23,604	0	0	23,604	17,959	41,563
Supplies	11,905	980	3,688	16,573	3,141	19,714
Telephone	10,106	832	3,131	14,069	2,666	16,735
Occupancy	11,791	971	3,653	16,415	3,111	19,526
Interest	0	0	0	0	7,730	7,730
Rental and Repairs/ Equipment	3,135	258	971	4,364	16,530	20,894
Travel	27,822	2,291	8,619	38,732	7,340	46,072
Licenses	0	0	0	0	265	265
Postage and Printing	0	0	0	0	1,025	1,025
Utilities	0	0	0	0	337	337
Insurance	17,996	1,482	5,575	25,053	4,747	29,800
Depreciation	0	0	0	0	324	324
Bank Charges	0	0	0	0	8,582	8,582
Training	0	0	0	0	1,310	1,310
Penalties/Interest						
Unpaid Payroll Tax	0	0	0	0	57,193	57,193
Other	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>30,484</u>	<u>30,484</u>
Total Expenses	<u>347,218</u>	<u>26,648</u>	<u>100,256</u>	<u>474,122</u>	<u>\$ 226,286</u>	<u>\$ 700,408</u>
Allocation of Management and General	<u>165,719</u>	<u>12,718</u>	<u>47,849</u>	<u>226,286</u>		
Total Functional Expenses	<u>\$ 512,937</u>	<u>\$ 39,366</u>	<u>\$ 148,105</u>	<u>\$ 700,408</u>		

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

MENTAL HEALTH SOLUTIONS, INC.
D/B/A HEALTH ACCESS/NORTHWEST LOUISIANA FAMILY CRISIS CENTER
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2004

	<u>Family Preservation</u>	<u>Independent Living Mentor Program</u>	<u>Independent Living</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Total Expenses</u>
Salaries	\$ 311,774	\$ 0	\$ 53,390	\$ 365,164	\$ 15,237	\$ 380,401
Payroll Taxes and Fringe Benefits	<u>23,458</u>	<u>0</u>	<u>4,017</u>	<u>27,475</u>	<u>1,146</u>	<u>28,621</u>
Total Salaries and Payroll Taxes and Fringe Benefits	<u>335,232</u>	<u>0</u>	<u>57,407</u>	<u>392,639</u>	<u>16,383</u>	<u>409,022</u>
Professional Fees	52,246	0	0	52,246	9,552	61,798
Supplies	13,207	0	2,262	15,469	645	16,114
Telephone	12,978	0	2,222	15,200	634	15,834
Occupancy	18,275	0	3,130	21,405	893	22,298
Interest	0	0	0	0	11,546	11,546
Travel	28,576	0	4,894	33,470	1,397	34,867
Licenses	0	0	0	0	155	155
Postage and Printing	0	0	0	0	1,567	1,567
Insurance	40,103	0	6,867	46,970	1,960	48,930
Depreciation	0	0	0	0	826	826
Other	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>15,735</u>	<u>15,735</u>
Total Expenses	<u>500,617</u>	<u>0</u>	<u>76,782</u>	<u>577,399</u>	<u>\$ 61,293</u>	<u>\$ 638,692</u>
Allocation of Management and General	<u>53,143</u>	<u>0</u>	<u>8,150</u>	<u>61,293</u>		
Total Functional Expenses	<u>\$ 553,760</u>	<u>\$ 0</u>	<u>\$ 84,932</u>	<u>\$ 638,692</u>		

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

MENTAL HEALTH SOLUTIONS, INC.
D/B/A HEALTH ACCESS/NORTHWEST LOUISIANA FAMILY CRISIS CENTER
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2003 AND 2004

	<u>6/30/03</u>	<u>6/30/04</u>
Cash Flows from Operating Activities		
Changes in Net Assets	\$(3,804)	\$ 104,297
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation and Amortization	324	826
Write Off of Liabilities	<u>0</u>	<u>(79,434)</u>
Total Adjustments	<u>324</u>	<u>(78,608)</u>
Changes in Operating Assets and Liabilities		
Accounts Receivable	7,506	4,192
Cash Deficit	6,140	(6,520)
Accounts Payable and Accrued Expenses	(5,498)	(5,939)
Payroll Taxes Payable	<u>29,291</u>	<u>(23,647)</u>
Net Changes in Operating Assets and Liabilities	<u>37,439</u>	<u>(31,914)</u>
Cash Flows Used for Investing Activities		
Purchase of Equipment	<u>0</u>	<u>(8,268)</u>
Net Cash Used by Investing Activities	<u>0</u>	<u>(8,268)</u>
Cash Flows from Financing Activities		
Borrowing Debt - Related Party	15,000	14,493
Principal Payments on Current Debt	(22,263)	0
Repayment of Debt - Related Party	<u>(26,696)</u>	<u>8</u>
Net Cash Provided (Used) By Financing Activities	<u>(33,959)</u>	<u>14,493</u>
Net Increase (Decrease) in Cash and Cash Equivalents	0	0
Cash and Cash Equivalents at Beginning of Years	<u>0</u>	<u>0</u>
Cash and Cash Equivalents at End of Years	<u>\$ 0</u>	<u>\$ 0</u>

Note: During the years, the Company paid \$7,730 (6/03) and \$11,546 (6/04) in interest and \$0 for income taxes.

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

MENTAL HEALTH SOLUTIONS, INC.
D/B/A HEALTH ACCESS/NORTHWEST LOUISIANA FAMILY CRISIS CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2003 AND 2004

1. Summary of Significant Accounting Policies

Description of Organization

Health Access, Inc. d/b/a Northwest Louisiana Family Crisis Center was organized as a nonprofit corporation without capital stock under the laws of the State of Louisiana as defined in Louisiana R.S. 12:201(7). The Organization was formed for the purpose of operating a facility for the comprehensive treatment of child abuse and neglect, and other nonprofit activities. The activities are limited to those that are permissible for tax-exempt corporations under Internal Revenue Code Section 501 (c) (3). On June 5, 1995, the organization changed its corporate name from Northwest Louisiana Family Crisis Center, Inc. to Health Access, Inc. d/b/a Northwest Louisiana Family Crisis Center, by an Amendment to the Articles of Incorporation which was recorded by the State of Louisiana on June 23, 1995. During the year, the Company changed its name to Mental Health Solutions, Inc. (MHS).

Financial Statement Presentation

On July 1, 1995, Health Access, Inc. d/b/a Northwest Louisiana Family Crisis Center adopted Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations." Under SFAS No. 117, Health Access, Inc. d/b/a Northwest Louisiana Family Crisis Center is required to report information regarding its financial position and activities according to the three classes of net assets (unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets) based upon the existence or absence of donor-imposed restrictions. As permitted by this statement, Health Access, Inc. d/b/a Northwest Louisiana Family Crisis Center has discontinued its use of fund accounting and has, accordingly, reclassified its financial statements to present classes of net assets. The reclassification had no cumulative effect on the change in net assets for the year ended June 30, 1996.

Health Access, Inc. d/b/a Northwest Louisiana Family Crisis Center also adopted SFAS No. 116, "Accounting for Contributions Received and Contributions Made," on July 1, 1995. In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. The adoption had no cumulative effect on net assets at the date of the adoption. In addition, Health Access, Inc. d/b/a Northwest Louisiana Family Crisis Center has not received any contributions with donor-imposed restrictions that would result in temporarily or permanently restricted net assets.

Basis of Accounting

The accompanying financial statements of Mental Health Solutions, Inc. d/b/a Northwest Louisiana Health Access/Family Crisis Center have been prepared on the accrual basis of accounting. All resources for various purposes are current unrestricted funds available for operations. Therefore, the organization has no temporarily restricted net assets or permanently restricted net assets.

MENTAL HEALTH SOLUTIONS, INC.
D/B/A HEALTH ACCESS/NORTHWEST LOUISIANA FAMILY CRISIS CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2003 AND 2004

1. Summary of Significant Accounting Policies (Continued)

Description of Programs

Family Preservation - Provides an intensive outpatient counseling program designed to prevent out-of-home placement of an individual. Services are provided in the home, school, or work place.

Outpatient Counseling - Counseling is provided by Mental Health Solutions, Inc. d/b/a Health Access/Northwest Louisiana Family Crisis Center's staff and contract counselors for parents, children, couples and entire families. Fees are generated from assistance provided by government agencies or by direct payments from the counseled individuals.

Independent Living - Provides a series of classes that are intended to teach foster care youth the skills they will need when they enter an independent living situation. The purpose of the classes is to allow individualization of the program to fit each participant's developmental and educational needs. The program requires 25% matching.

Case Management - Provides a community-based service system which addresses the needs of persons with mental illness, mental retardation and other developmental disabilities, and/or alcohol and drug abuse problems to live, work and participate in the community.

LACLE - Provides psycho-social skill training for identified children to assist them in interpersonal relationships and building self-esteem.

Independent Living Mentor Program - Program to provide steady encouragement and reliable support from a positive role model to foster care youth and youth in the Young Adult Program as they learn life skills and use those life skills to transition into independent living. The program is funded by the Temporary Assistance to Needy Families (TANF). The program requires 25% matching.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three (3) months or less to be cash equivalents.

Public Support and Revenue

Mental Health Solutions, Inc. d/b/a Health Access/Northwest Louisiana Family Crisis Center receives its grants and contracts support primarily from the State Department of Human Services and other State Agencies. Support received from those grants and contracts is recognized on a "net funded" basis whereby State Department of Human Services, Division of Mental Health Services funding is recognized on a last-dollar-in basis. Related expenses incurred are "netted" first by client fees, Medicaid income, and Medicare income in determining grant funds to be recognized. Health Access, Inc. d/b/a Northwest Louisiana Family Crisis Center receives client fees, Medicaid income, and Medicare income for billable client services and recognized these fees and income when earned.

MENTAL HEALTH SOLUTIONS, INC.
D/B/A HEALTH ACCESS/NORTHWEST LOUISIANA FAMILY CRISIS CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2003 AND 2004

1. Summary of Significant Accounting Policies (Continued)

Contributions

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 those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Fixed Assets

Mental Health Solutions, Inc. d/b/a Health Access/Northwest Louisiana Family Crisis Center records assets at cost and follows the practice of capitalizing all expenditures for land, buildings and equipment in excess of \$500. Depreciation of buildings and equipment is provided on a straight-line basis over the estimated useful lives of the assets (4-5 percent per year for building and improvements, and 20 percent for furniture and fixture).

The net fixed asset balance has been recorded as a separate component in unrestricted net assets.

Receivables and Allowance for Uncollectible Accounts

Receivables consist primarily of cost reimbursement requests outstanding at year-end related to various contracts from governmental and private agencies. No allowance for uncollectibles is considered necessary.

Allocation of Supporting Service Expenditures

The Organization's policy is to allocate indirect expenses of administrative overhead (supporting services) to programs based on various direct costs related to each program.

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.

Income Taxes

The Corporation has been granted tax exempt status as provided by Section 501(c)(3) of the Internal Revenue Code. In addition, the Company has been classified as an organization described in Section 170(b)(2)(A)(vi).

Advertising

Nondirect response advertising cost are expensed as incurred.

MENTAL HEALTH SOLUTIONS, INC.
D/B/A HEALTH ACCESS/NORTHWEST LOUISIANA FAMILY CRISIS CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2003 AND 2004

1. Summary of Significant Accounting Policies (Continued)

Sick Pay, Vacation Pay, Retirement Benefits

The Corporation has no retirement plans nor does it compensate its employees for unused sick or vacation time.

Impairment

The carrying value of property, equipment and intangibles is evaluated periodically in relation to the operating performance and future undiscounted cash flows of the underlying businesses. Adjustments are made if the sum of expected future cash flows is less than book value. For the years presented, no adjustment was necessary.

2. Accounts Receivable

Accounts receivable consists of the following:

	<u>6/30/03</u>	<u>6/30/04</u>
Outpatient Counseling	\$ 20,780	\$ 24,106
Independent Living	9,257	1,739
	<u>\$ 30,037</u>	<u>\$ 25,845</u>

3. Operating Leases

As of June 30, 2003 and 2004, the Organization was obligated under cancelable operating leases for office space and equipment. The leases have a 30 day out clause. Rent expense under operating leases totaled to the following. The building lease expired 12/03 and is \$1,650/month.

	<u>6/30/03</u>	<u>6/30/04</u>
Third Party for Building	\$ 9,900	\$ 19,800

4. Statement of Cash Flows

Total interest paid for the years was \$7,730 (6/03) and \$11,546 (6/04), none of which was capitalized.

5. Subsequent Events/Contingent Liabilities/Legal Matters

Legal Matters

This Organization is the defendant in various lawsuits arising principally in normal course of operations. In the opinion of management, the outcome of these lawsuits will not have a material adverse effect on the accompanying financial statements and accordingly, no provision for losses has been recorded.

MENTAL HEALTH SOLUTIONS, INC.
D/B/A HEALTH ACCESS/NORTHWEST LOUISIANA FAMILY CRISIS CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2003 AND 2004

6. Contributions

Total contributions include \$0 of in-kind contributions for various fund-raising activities.

7. Economic Dependency

The Organization receives the majority of its revenue from Medicaid, Medicare, and state revenues which include federal pass-through monies.

If significant budget cuts are made at the federal and/or state level, the amount of the funds of the Organization could be reduced significantly and have an adverse impact on its operations. Management is not aware of any actions that will adversely affect the amount of funds the Organization will receive in the next fiscal year.

8. Contingencies

The Company has accrued \$16,000 for anticipated settlement charges regarding a lawsuit by a previous employee.

9. Related Party

During the years, the following transpired between the Company's CEO and the Company:

	6/30/03	6/30/04
Beginning Balance of Non Interest Bearing Receivable	\$ 1,866	\$ 0
Payments	(1,866)	0
Ending Balance	\$ 0	\$ 0

The Company borrowed \$0 (6/03) and \$600 (6/04) from a member of one of the employee families during the years. These monies were 12.6% interest bearing resulting in a balance due @ year end of \$29,870 (6/03) and \$44,363 (6/04). Interest fees paid during the years to the related parties was \$3,770 (6/03) and \$11,546 (6/04).

The Company paid (in 6/03) an employee's spouse \$16,530 during the year for repairs/consultation in regards to lease and building sale/foreclosure.

MENTAL HEALTH SOLUTIONS, INC.
D/B/A HEALTH ACCESS/NORTHWEST LOUISIANA FAMILY CRISIS CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2003 AND 2004

10. Depreciation Expense and Equipment

During the years, there was \$324 (2003) and \$826 (2004) of depreciation and amortization expense.

Life	Balance 6/30/02	Additions	Balance 6/30/03	Additions	Deletions	Balance 6/30/04
25 yrs. Buildings	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
25 yrs. Building Improvements	0	0	0	0	0	0
5 yrs. Furniture & Fixtures	0	0	0	0	0	0
5 yrs. Office Equipment	21,427	0	21,427	0	0	21,427
5 yrs. Computer Equipment	57,117	0	57,117	8,268	57,117	8,268
	78,544	0	78,544	8,268	57,117	29,695
Less Accumulated Depreciation & Amortization	(78,220)	(324)	(78,544)	(826)	(57,117)	22,253
	<u>\$ 324</u>	<u>\$(324)</u>	<u>\$ 0</u>	<u>\$ 7,442</u>	<u>\$ 0</u>	<u>\$ 7,442</u>

11. Insurance

The Company maintains the following:

	Carrier	Limits	Policy Period	Policy Number
General Liability	United National	\$3,000,000	8/01/03-7/31/04	GA740156
Auto	Safeco	\$1,000,000	8/01/03-7/31/04	GA740156
LA Workers Comp.	Clarendon			
Prof. Liability	United National	\$1,000,000	8/01/03-7/31/04	GA740156

12. Going Concern

The Company experienced cash flow shortage in the years ended 6/30/03 and 6/30/04 and failed to pay some payroll taxes. The following summarizes the liability.

The Company has geared its workforce toward operating two of its programs, ILP and Outpatient Counseling. Management is of the opinion the net revenues from these two programs should provide adequate resources for debt repayment.

The CEO has met with the federal government and has settled that issue and is currently meeting with the state agencies to devise a payment plan. Failure to increase cash flows or devise a payment plan could prove to be threatening to the agency's ability to continue.

	6/30/03	6/30/04
Payroll & Payroll Taxes Payable		
Current	\$ 1,791	\$ 218
Past due Louisiana Dept. of Labor	85,000	61,871
Past due Internal Revenue Service	22,900	0
Past due Payroll	20,425	18,177
Past due Payroll - Spouse (CEO)	37,231	0
	<u>\$ 167,347</u>	<u>\$ 80,266</u>

MENTAL HEALTH SOLUTIONS, INC.
D/B/A HEALTH ACCESS/NORTHWEST LOUISIANA FAMILY CRISIS CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2003 AND 2004

13. Board of Directors

No fees were paid during the years to members of the board.

14. Fair Value of Financial Instruments

The fair value of financial instruments approximates the carrying (book) value because of the short maturity of these assets.

15. Write Off Of Liabilities

Certain liabilities were decreased by management and based upon agreement with certain regulatory bodies not payable and were written off in the current year. All were recorded as payables in prior years.

Contingent Liability Sullivan	\$16,000
Salaries Payable (CEO Spouse)	37,231
Internal Revenue Services	22,900
Other	<u>3,303</u>
	<u>\$79,434</u>

G E O R G E E . M C G O V E R N I I I

CERTIFIED PUBLIC ACCOUNTANT
MEMBER OF AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

P. O. Box 7155
Shreveport, LA 71137-7155
318-222-7555

1300 Grimmatt Drive
Shreveport, LA 71107
FAX 318-222-7772

George E. McGovern III C.P.A.
George A. Burton, Jr. C.P.A.

December 20, 2004

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

To the Board of Directors
Mental Health Solutions, Inc.
d/b/a Health Access/Northwest Louisiana Family Crisis Center

I have audited the financial statements of Mental Health Solutions, Inc. d/b/a Health Access/Northwest Louisiana Family Crisis Center (a nonprofit organization) as of and for the years ended June 30, 2003 and 2004, and have issued my report thereon dated December 20, 2004. I conducted my audit in accordance with generally accepted auditing standards as used 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.

Compliance

As part of obtaining reasonable assurance about whether Mental Health Solutions, Inc. d/b/a Health Access/Northwest Louisiana Family Crisis Center's financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my 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 my audit, I considered Mental Health Solutions, Inc. d/b/a Health Access/Northwest Louisiana Family Crisis Center's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial

To the Board of Directors
Mental Health Solutions, Inc.
d/b/a Health Access/Northwest Louisiana Family Crisis Center
December 20, 2004
Page 2

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 does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended for the information of the audit committee, management, and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Sincerely,

George E. McGovern III
Certified Public Accountant

G E O R G E E . M C G O V E R N I I I

CERTIFIED PUBLIC ACCOUNTANT
MEMBER OF AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

P. O. Box 7155
Shreveport, LA 71137-7155
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George E. McGovern III C.P.A.
George A. Burton, Jr. C.P.A.

December 20, 2004

Independent Auditor's Report on Supplementary Information

Schedule of Federal Financial Assistance

To the Board of Directors
Mental Health Solutions, Inc.
d/b/a Health Access/Northwest Louisiana Family Crisis Center

I have audited the financial statements of Mental Health Solutions, Inc. d/b/a Health Access/Northwest Louisiana Family Crisis Center (a nonprofit organization), as of and for the years ended June 30, 2003 and 2004, and have issued my report thereon dated December 20, 2004. These financial statements are the responsibility of Mental Health Solutions, Inc. d/b/a Health Access/Northwest Louisiana Family Crisis Center. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States and OMB A-133. Those standards and OMB A-133 require that I 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. I believe that my audit provides a reasonable basis for my opinion.

My audit was made for the purpose of forming an opinion on the financial statements of Mental Health Solutions, Inc. d/b/a Health Access/Northwest Louisiana Family Crisis Center, taken as a whole. The accompanying schedule of federal financial assistance and schedule of Board of Directors is presented for purposes of additional analysis and is not a required part of the financial statements. The information in these schedules has been subjected to the auditing procedures applied in the audit of the financial statements and, in my opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

Sincerely,

George E. McGovern III
Certified Public Accountant

G E O R G E E . M C G O V E R N I I I

CERTIFIED PUBLIC ACCOUNTANT
MEMBER OF AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

P. O. Box 7155
Shreveport, LA 71137-7155
318-222-7555

1300 Grimmitt Drive
Shreveport, LA 71107
FAX 318-222-7772

George E. McGovern III C.P.A.
George A. Burton, Jr. C.P.A.

December 20, 2004

Board of Directors
Mental Health Solutions Inc. (MHS)
Shreveport, LA

Report on Compliance with Requirements Applicable to Each
Major Program and Internal Control Over Compliance in
Accordance with OMB Circular A-133

Compliance

I have audited the compliance of the Mental Health Solutions Inc. (MHS) with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the years ended June 30, 2004 and 2003. MHS's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the MHS's management. My responsibility is to express an opinion on the MHS's compliance based on my audit.

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the MHS's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on MHS's compliance with those requirements.

In my opinion, the MHS complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the years ended June 30, 2004 and 2003.

Board of Directors
Mental Health Solutions Inc. (MHS)
Page 2

Internal Control Over Compliance

The management of MHS is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing my audit, I considered the MHS's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

My consideration of the internal control over compliance would not necessarily disclose all matters in the internal control 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 does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over compliance and its operation that I consider to be material weaknesses.

This report is intended solely for the information and use of the board of directors, management, federal awarding agencies and pass-through entities, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

George E. McGovern III
Certified Public Accountant

MENTAL HEALTH SOLUTIONS, INC.
 D/B/A HEALTH ACCESS/NORTHWEST LOUISIANA FAMILY CRISIS CENTER
 SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
 SUPPLEMENTARY INFORMATION
 FOR YEAR ENDED JUNE 30, 2003

Non Major Programs	Contract Description	Terms of Contract (Description)	Contract \$	CFDA	Revenue FYE 6/30/03 \$	Amount Due @ 6/30/03 \$	Matching Required Yes	Expenditures FYE 6/30/03 \$
State of Louisiana	Office of Independent Liv. Comm. Serv.	Independent Liv. Mentor Program	\$ 21,240	92.556	21,240	0	Yes	21,240
State of Louisiana	Office of Independent Liv. Comm. Serv.	Independent Liv. 7/1/02-6/30/03	79,600	92.556	79,600	9,257	Yes	79,600
<u>Major Programs</u>								
State of Louisiana	Outpatient Counseling	(Medicaid)	N/A	93.217	584,036	20,780	No	584,036
Subtotal								
					<u>684,876</u>	<u>30,037</u>		<u>684,876</u>
United Way		Independent Liv. (Match)	0		8,578	0	No	8,578
Other					<u>3,150</u>	<u>0</u>	No	<u>3,150</u>
					<u>\$ 696,604</u>	<u>\$ 30,037</u>		<u>\$ 696,604</u>

Note: All revenues were pass through from the above and there were no direct federal funds received.

MENTAL HEALTH SOLUTIONS, INC.
 D/B/A HEALTH ACCESS/NORTHWEST LOUISIANA FAMILY CRISIS CENTER
 SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
 SUPPLEMENTARY INFORMATION
 FOR YEAR ENDED JUNE 30, 2004

<u>Non Major Programs</u>	<u>Contract Description</u>	<u>Terms of Contract (Description)</u>	<u>Contract</u>	<u>CFDA</u>	<u>Revenue</u>	<u>Amount Due</u>	<u>Matching Required</u>	<u>Expenditures</u>
			<u>\$</u>		<u>FYE 6/30/04</u>	<u>@ 6/30/04</u>	<u>Yes</u>	<u>FYE 6/30/04</u>
State of Louisiana	Office of Independent Liv. Comm. Serv.	7/1/03-6/30/04	\$ 84,100	93.556	76,782	\$ 1,739	Yes	\$ 84,932
Major Programs	Outpatient Counseling	(Medicaid)	N/A	93.217	500,617	24,106	No	553,760
State of Louisiana					<u>\$ 577,399</u>	<u>\$ 25,845</u>		<u>\$ 638,692</u>
Total								

Note: All revenues were pass through from the above and there were no direct federal funds received.

MENTAL HEALTH SOLUTIONS, INC.
D/B/A HEALTH ACCESS/NORTHWEST LOUISIANA FAMILY CRISIS CENTER
SUPPLEMENTARY INFORMATION
BOARD OF DIRECTORS
JUNE 30, 2004

	TERM EXPIRES
John Gianforte, President/CEO 432 Ockley Shreveport, LA 71105 Phone (318) 631-1122 Ext. 19 johngceo@bellsouth.net	N/A
Dr. Paris, Member 4406 Curtis Loop Bossier City, LA 71112 Phone (318) 746-4646	January 1, 2008
Sandra Todaro, Chairwoman 823 Robinson Place Shreveport, LA 71104 Phone (318) 425-3851 stodaro@bpcc.edu jtodaro@dldykes.org	January 1, 2008
Mr. Charlie Hennigan, Member 3875 Line Avenue Shreveport, LA 71106 Phone (318) 868-7128	January 1, 2008
Representative Earnest Baylor 2835 Hollywood Shreveport, LA 71108	January 1, 2008
Dan Wimberly Urban Housing of America P. O. Box 3401 Shreveport, LA	January 1, 2007

MENTAL HEALTH SOLUTIONS, INC.
D/B/A HEALTH ACCESS/NORTHWEST LOUISIANA FAMILY CRISIS CENTER
SCHEDULE OF FINDINGS AND QUESTIONED COST
FOR THE YEARS ENDED JUNE 30, 2003 AND 2004

I was engaged to audit the financial statements of Mental Health Solutions, Inc. d/b/a Health Access/Northwest Louisiana Family Crisis Center as of and for the years ended June 30, 2003 and 2004 and have issued my report thereon dated December 20, 2004. I conducted my audit 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. My report expresses an unqualified opinion on the financial statements for the years ended June 30, 2003 and 2004.

Section I - Summary of Auditor's Results:

- a. The report on internal control and compliance material to the financial statements reported the following items:
- Internal Control - There were no reportable conditions
 - Compliance - No noncompliance that is material to the financial statements
- b. Federal Awards:
- Federal Awards received during the years ended June 30, 2003 and 2004 were not sufficient in amount to require a single audit.
- c. Identification of Major Programs:
- N/A

Section II - Findings Relating to the Financial Statements Which are Required to be Reported in Accordance with Generally Accepted Governmental Auditing Standards:

- None

Section III - Findings and Questioned Costs for Federal Awards Which Shall Include Audit Findings as Defined by OMB Circular A-133:

- None

MENTAL HEALTH SOLUTIONS, INC.
 D/B/A HEALTH ACCESS/NORTHWEST LOUISIANA FAMILY CRISIS CENTER
 MANAGEMENT'S CORRECTIVE ACTION PLAN
 FOR THE YEARS ENDED JUNE 30, 2003 AND 2004

SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS	
No findings were reported in the schedule of findings and questioned cost.	Response - N/A
SECTION II INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS	
No findings were reported in the schedule of findings and questioned cost.	Response - N/A
SECTION III MANAGEMENT LETTER	
No findings were reported in the schedule of findings and questioned cost.	Response - N/A