

**FAMILY SERVICE
OF
GREATER NEW ORLEANS

FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION**

For the Years Ended June 30, 2010 and 2009

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 11/10/10

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CONSULTANTS

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INDEPENDENT AUDITOR'S REPORT

President and Board of Directors
Family Service of Greater New Orleans
New Orleans, Louisiana

We have audited the accompanying Statement of Financial Position of Family Service of Greater New Orleans (a nonprofit organization) ("Family Service") as of June 30, 2010, and the related Statements of Activities, Functional Expenses, and Cash Flows for the year then ended. These financial statements are the responsibility of Family Service's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative financial information has been derived from Family Service's 2009 financial statements and, in our report dated October 12, 2009, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with U.S. 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. 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 Family Service of Greater New Orleans as of June 30, 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2010, on our consideration of Family Service's internal control over financial reporting, and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of Family Service taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, 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.

Rebowe & Company

September 30, 2010

FAMILY SERVICE OF GREATER NEW ORLEANS
STATEMENTS OF FINANCIAL POSITION
June 30, 2010 and 2009

ASSETS		
	2010	2009
Current Assets		
Cash and cash equivalents	\$ 206,728	\$ 435,766
Investments - certificates of deposit	68,588	67,126
Accounts receivable, net	393,488	313,700
Contributions receivable	548,300	548,300
Prepaid expenses	10,787	5,676
Deposits	7,148	6,794
Cash equivalents restricted for permanent endowment	3,460	3,460
Total Current Assets	1,238,499	1,380,822
Equipment and leasehold improvements, net	32,111	62,048
Total Assets	\$ 1,270,610	\$ 1,442,870
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	\$ 61,441	\$ 74,852
Accrued salaries	22,659	20,476
Accrued vacation	65,774	62,198
Total Current Liabilities	\$ 149,874	\$ 157,526
Net Assets:		
Unrestricted net assets	430,906	521,763
Temporarily restricted net assets	656,370	730,121
Permanently restricted net assets	33,460	33,460
Total Net Assets	1,120,736	1,285,344
Total Liabilities and Net Assets	\$ 1,270,610	\$ 1,442,870

See accompanying notes to financial statements.

FAMILY SERVICE OF GREATER NEW ORLEANS
STATEMENTS OF ACTIVITIES
Year Ended June 30, 2010, with Comparative Totals for 2009

	<u>Unrestricted</u>
SUPPORT, REVENUE, GAINS AND LOSSES	
Contributions	\$ 56,710
Private grants	-
Fees and grants from governmental agencies	1,552,251
Program service fees	257,744
Fund-raising revenue	68,199
Interest income	5,197
United Way allocations and designations	17,916
Miscellaneous revenue	2,423
Gain (loss) on disposal of assets	-
Net assets released from restrictions	759,669
 Total Support, Revenue, Gains and Losses	 2,720,109
EXPENSES	
Program services:	
Counseling	1,038,600
At-risk children and youth	1,420,171
Family and individual support	10,692
	2,469,463
Supporting services:	
Fund-raising and development	68,195
Management and general	273,308
	341,503
 Total Expenses	 2,810,966
 INCREASE (DECREASE) IN NET ASSETS	 (90,857)
 Net assets, beginning of year	 521,763
 Net assets, end of year	 \$ 430,906

See accompanying notes to financial statements.

<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2010 Total</u>	<u>2009 Total</u>
\$ 25,993	\$ -	\$ 82,703	\$ 42,160
98,152	-	98,152	283,969
-	-	1,552,251	1,790,462
-	-	257,744	288,951
12,000	-	80,199	61,985
1,473	-	6,670	7,858
548,300	-	566,216	809,598
-	-	2,423	2,846
-	-	-	(2,200)
<u>(759,669)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(73,751)</u>	<u>-</u>	<u>2,646,358</u>	<u>3,285,629</u>
-	-	1,038,600	1,414,838
-	-	1,420,171	1,500,428
-	-	10,692	-
<u>-</u>	<u>-</u>	<u>2,469,463</u>	<u>2,915,266</u>
-	-	68,195	-
-	-	273,308	384,365
<u>-</u>	<u>-</u>	<u>341,503</u>	<u>384,365</u>
-	-	2,810,966	3,299,631
<u>(73,751)</u>	<u>-</u>	<u>(164,608)</u>	<u>(14,002)</u>
<u>730,121</u>	<u>33,460</u>	<u>1,285,344</u>	<u>1,299,346</u>
<u>\$ 656,370</u>	<u>\$ 33,460</u>	<u>\$ 1,120,736</u>	<u>\$ 1,285,344</u>

FAMILY SERVICE OF GREATER NEW ORLEANS
STATEMENTS OF FUNCTIONAL EXPENSES
Year Ended June 30, 2010, with Comparative Totals for 2009

	<u>Counseling</u>	<u>At-Risk Children and Youth</u>	<u>Family and Individual Support</u>	<u>Total Program Services</u>
Salaries	\$ 671,903	\$ 902,423	\$ 8,406	\$ 1,582,732
Employee benefits	55,146	61,915	125	\$ 117,186
Payroll taxes	<u>77,662</u>	<u>77,292</u>	<u>708</u>	<u>155,662</u>
Total Employee Compensation	804,711	1,041,630	9,239	1,855,580
Bad debt expense	360	-	-	360
Client assistance	338	87,834	-	88,172
Communications	22,700	40,726	167	63,593
Conferences and meetings	3,600	4,814	-	8,414
Depreciation	12,385	13,382	135	25,902
Dues and memberships	850	986	30	1,866
Equipment repairs and maintenance	12,275	12,570	88	24,933
Insurance	10,905	10,236	112	21,253
Interest expense	-	-	-	-
Miscellaneous	517	38	-	555
Occupancy	131,899	78,082	650	210,631
Postage and shipping	2,591	2,185	21	4,797
Printing and publications	2,463	16,214	13	18,690
Professional fees	18,421	72,338	192	90,951
Routine staff travel	1,555	12,639	-	14,194
Supplies	<u>13,030</u>	<u>26,497</u>	<u>45</u>	<u>39,572</u>
Total Expenses	<u>\$ 1,038,600</u>	<u>\$ 1,420,171</u>	<u>\$ 10,692</u>	<u>\$ 2,469,463</u>

See accompanying notes to financial statements.

Fundraising and Development	Management and General	Total Supporting Services	Total Program and Supporting Services Expenses	
			2010	2009
\$ 40,340	\$ 183,795	\$ 224,135	\$ 1,806,867	\$ 2,205,939
476	9,372	9,848	127,034	139,611
396	22,262	22,658	178,320	219,081
41,212	215,429	256,641	2,112,221	2,564,631
-	-	-	360	27,571
-	(338)	(338)	87,834	3,717
319	4,376	4,695	68,288	87,792
16,499	1,318	17,817	26,231	41,849
106	3,929	4,035	29,937	35,944
21	287	308	2,174	5,854
79	9,584	9,663	34,596	35,678
40	3,386	3,426	24,679	26,868
-	502	502	502	481
630	4,371	5,001	5,556	3,150
517	22,551	23,068	233,699	265,719
910	281	1,191	5,988	6,913
4,783	198	4,981	23,671	24,418
1,430	5,739	7,169	98,120	80,503
-	39	39	14,233	17,839
1,649	1,656	3,305	42,877	70,704
<u>\$ 68,195</u>	<u>\$ 273,308</u>	<u>\$ 341,503</u>	<u>\$ 2,810,966</u>	<u>\$ 3,299,631</u>

FAMILY SERVICE OF GREATER NEW ORLEANS
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ (164,608)	\$ (14,002)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation	29,937	35,944
(Gain) loss on disposal of assets	-	2,200
(Increase) decrease in assets:		
Accounts receivable	(79,788)	(28,477)
Contribution receivable	-	(147,300)
Prepaid expenses and deposits	(5,465)	(1,482)
Increase (decrease) in liabilities:		
Accounts payable	(13,411)	15,175
Accrued salaries	2,183	(3,515)
Accrued vacation	3,576	16,155
	<u>(227,576)</u>	<u>(125,302)</u>
Net cash provided by (used for) operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in certificates of deposit	<u>(1,462)</u>	<u>(892)</u>
Net cash provided by (used for) investing activities	<u>(1,462)</u>	<u>(892)</u>
Net increase (decrease) in cash and cash equivalents	(229,038)	(126,194)
Cash and cash equivalents, beginning of year	<u>439,226</u>	<u>565,420</u>
Cash and cash equivalents, end of year	<u>\$ 210,188</u>	<u>\$ 439,226</u>
RECONCILIATION TO STATEMENTS OF FINANCIAL POSITION		
Cash and cash equivalents	\$ 206,728	\$ 435,766
Cash restricted for-permanent endowment	<u>3,460</u>	<u>3,460</u>
Total cash and cash equivalents	<u>\$ 210,188</u>	<u>\$ 439,226</u>

See accompanying notes to financial statements.

FAMILY SERVICE OF GREATER NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS
June 30, 2010 and 2009

NOTE 1 - NATURE OF ACTIVITIES

Family Service of Greater New Orleans ("Family Service"), a nonprofit organization, is a United Way agency and a member agency of the Alliance for Children and Families. Its mission is to strengthen the emotional health and foster the self-sufficiency of families and individuals. Family Service obtains the majority of its funding from governmental grants, private grants, and donor contributions. Approximately 59% and 22% of Family Service's revenues for the year ended June 30, 2010 came from fees and grants from governmental agencies and allocations from the United Way, respectively. Approximately 54% and 25% of Family Service's revenues for the year ended June 30, 2009 came from fees and grants from governmental agencies and allocations from the United Way, respectively.

Programs and services provided by Family Service are as follows:

Counseling

Group Counseling – Family Service offers a variety of group counseling programs for individuals or couples in need of guidance.

Child Abuse – Family Service provides intensive treatment and support services for families where abuse has been validated. Child abuse cases are referred to Family Service through the Office of Community Services.

Rivarde Detention Center – Family Service clinicians provide 24-hour counseling, suicide assessment, and support services for juveniles in the Rivarde Detention Center, which is located in Harvey, Louisiana.

Family Preservation – Intensive at-home counseling services are provided to families in crisis and at-risk of having their children removed from the home.

Community Programs

New Orleans Truancy Assessment & Service Center (NOTASC) – Home, school, and community based program staffed by social workers, case workers, and parent support workers. Students are referred after five (5) absences from school. The program encourages voluntary participation by parents and children to prevent involvement with the judicial system.

Families In Need Of Services (FINS) – A court-ordered program for juveniles in trouble with the law. The program requires counseling, participation in social work services, and drug testing. Monitors follow up with schools, parents, social services, and the courts to ensure that juveniles complete the program.

FAMILY SERVICE OF GREATER NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2010 and 2009

NOTE 1 - NATURE OF ACTIVITIES (CONTINUED)

Anger Management – A program designed to help middle school youth ages 11 to 17 learn how to deal more effectively with violence.

Custody Evaluation – Helps parents and courts make custody decisions for children.

Hate Crimes Project – Assists with education and prevention of Hate Crimes throughout the New Orleans area by providing a 24 hour hotline as well as counseling and therapy for victims.

Victims of Crime (VOCA) – Family Service offers individual and support groups for victims of violence.

Active Parenting – An educational support group designed to provide parents with children up to the age of 18 with parental advice.

Child-Adolescent Response Team (CART) – A program designed to provide crisis counseling and intervention to children, youth, and their immediate family. CART assists the family in the stabilization of their crisis and provides the family with advocacy, referral, and support.

Homelessness Prevention and Rapid Re-Housing Program (UNITY) – Family Service is in an agreement with UNITY of Greater New Orleans to provide financial assistance, housing and relocation assistance, and stabilization services to eligible participants.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Income Tax Status

Family Service is exempt from income tax under Section 501(c) (3) of the U. S. Internal Revenue Code and comparable state law, and contributions to it are tax deductible within the limitations prescribed by the Code.

Basis of Accounting

The financial statements of Family Service have been prepared on the accrual basis of accounting. Accordingly, revenues are recognized when earned, and expenses are recognized when incurred.

Basis of Presentation

Financial statement presentation follows the recommendation of the Financial Accounting Standards Board in its FASB ASC Topic 958-205, *Financial Statements of Not-for-Profit Organizations*. Under FASB ASC Topic 958-205, net assets, revenues,

FAMILY SERVICE OF GREATER NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2010 and 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of Family Service and changes therein are classified and reported as follows:

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

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

Permanently Restricted Net Assets - Those net assets that must be maintained in perpetuity due to donor-imposed restrictions that will neither expire with the passage of time nor be removed by meeting certain requirements.

Comparative Financial Information

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 U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with Family Service's financial statements for the year ended June 30, 2009, from which the summarized information was derived.

Cash and Cash Equivalents

For the purposes of the Statements of Cash Flows, Family Service considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Accounts Receivable and Allowance for Doubtful Accounts

It is the policy of Family Service to report receivables at net realizable value estimating the allowance for uncollectible accounts based on prior experience and current economic conditions. The allowance for doubtful accounts for accounts receivable was \$279 and \$5,193 at June 30, 2010 and 2009, respectively. Family Service charges off uncollectible accounts receivable when management determines the receivable will not be collected.

Investments

Family Service records its investments in accordance with FASB ASC Topic 958-320, *Accounting for Certain Investments Held by Not-for-Profit Organizations*. Under FASB ASC Topic 958-320, investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statement of financial position. Unrealized gains and losses are included in the changes

FAMILY SERVICE OF GREATER NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2010 and 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

in unrestricted or temporarily restricted net assets, depending on whether or not there are donor-imposed restrictions on the gains and losses.

Equipment and Leasehold Improvements

Equipment and leasehold improvements greater than \$1,000 are capitalized at their purchase price, or, in the case of a contributed asset, at the estimated fair market value at the date of receipt.

Depreciation is computed using the straight-line method over the following estimated lives:

Equipment	5 years
Leasehold improvements	10 years

Under certain cost reimbursement contracts with the State of Louisiana, Family Service is allowed to purchase equipment over \$1,000, subject to the provision that upon the termination of the contract this equipment may be claimed by the state. As a result, in conformity with the contract provisions, Family Service has expensed these items in the year of the purchase since the contracts terminate within one (1) to two (2) years. Expenses related to equipment purchased under these cost reimbursement contracts were \$0 and \$78 at June 30, 2010 and 2009, respectively.

Contributions

In accordance with FASB ASC Topic 958-605, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Contributions are recognized when the donor makes a promise to give to Family Service that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, Family Service reports expirations of donor restrictions when the donated or acquired assets are placed in service

FAMILY SERVICE OF GREATER NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2010 and 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

as instructed by the donor. Family Service reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Contributed Services

Family Service recognizes contributed services at their fair value if the services have value to the organization and requires specialized skills, are provided by individuals possessing those skills, and would have been purchased if not provided by contributors. There were no contributed services requiring such skills at June 30, 2010 and 2009.

Functional Allocation of Expenses

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

Advertising

Advertising costs are expensed as incurred. Advertising expenses for the year ended June 30, 2010 and 2009 totaled \$45,999 and \$11,093, respectively.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

Subsequent events have been evaluated through September 30, 2010, the date the financial statements were available to be issued.

NOTE 3 - CASH

Family Service maintains cash balances at four (4) financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC insured) up to \$250,000 at June 30, 2010 and 2009. The carrying amount of Family Service's cash deposits in bank accounts at June 30, 2010 and 2009 was \$210,188 and \$439,226, respectively. Bank balances at the four (4) financial institutions totaled \$249,668 and \$445,481 at June 30, 2010 and 2009, respectively. Total uninsured cash balances at June 30, 2010 and 2009 were \$125,439 and \$225,417, respectively. Money market accounts are included as cash and cash equivalents in the financial statements.

FAMILY SERVICE OF GREATER NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2010 and 2009

NOTE 4 – INVESTMENT SECURITIES

As required by FASB ASC Topic 820, at June 30, 2010 and 2009, Family Service's portfolio investments were classified as follows, based on fair values:

	2010	2009
Level 1	\$ 68,588	\$ 67,126
Level 2	-	-
Level 3	-	-
Total investments	\$ 68,588	\$ 67,126

L1 – Level 1 classification is applied to any asset that has a readily available quoted price from an active market where there is significant transparency in the executed/quoted price.

L2 – Level 2 classification is applied to assets that have evaluated prices which are observable either directly or indirectly, but do not represent quoted prices from an active market for each individual security.

L3 – Level 3 classification is applied to assets when prices are not derived from existing market data.

The amortized cost and fair values of investment securities available for sale at June 30, 2010 and 2009 are as follows:

	2010			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Certificate of deposit (L1)	\$ 68,588	\$ -	\$ -	\$ 68,588
Total	\$ 68,588	\$ -	\$ -	\$ 68,588
	2009			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Certificate of deposit (L1)	\$ 67,126	\$ -	\$ -	\$ 67,126
Total	\$ 67,126	\$ -	\$ -	\$ 67,126

FAMILY SERVICE OF GREATER NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2010 and 2009

NOTE 5 - CONTRIBUTIONS RECEIVABLE

The contributions receivable at June 30, 2010 and 2009 are categorized by source as follows:

	2010	2009
United Way allocations	\$ <u>548,300</u>	\$ <u>548,300</u>
Total	\$ <u>548,300</u>	\$ <u>548,300</u>

This amount is receivable in less than one year.

No discount or allowance for uncollectible amounts has been recorded for these items because management considers all amounts collectible and any discount to be insignificant.

NOTE 6 - EQUIPMENT AND LEASEHOLD IMPROVEMENTS

Equipment and leasehold improvements consist of the following:

	2010	2009
Equipment	\$ 362,409	\$ 362,409
Leasehold improvements	155,686	155,686
Less: Accumulated depreciation	(485,984)	(456,047)
Total	\$ 32,111	\$ 62,048

Depreciation expense for the years ended June 30, 2010 and 2009 totaled \$29,937 and \$35,944, respectively.

NOTE 7 - RETIREMENT PLAN

Family Service offers a defined contribution retirement plan for full-time employees over 21 years old having at least one (1) year of service. Contributions to the plan are at the discretion of the Board of Directors. The amounts in a participant's account are 100% vested upon the attainment of the employee's normal retirement age or, if earlier, upon meeting the applicable vesting requirements listed below.

FAMILY SERVICE OF GREATER NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2010 and 2009

NOTE 7 - RETIREMENT PLAN (CONTINUED)

<u>Years of Vesting Service</u>	<u>Vesting Percentage</u>
Less than 2	0
2	20
3	50
4	75
5	100

Defined contribution retirement plan expenses for the years ended June 30, 2010 and 2009 totaled \$38,314 and \$29,392, respectively.

NOTE 8 - COMMITMENTS

Family Service conducted its operations at four (4) locations in the Metropolitan New Orleans Area for the year ended June 30, 2010 and 2009. There is currently one (1) office in Orleans Parish (Canal Street), one (1) office in East Jefferson, one (1) office in West Jefferson, and one (1) office in St. Bernard Parish. The locations have operating leases expiring through fiscal year 2014.

Rental expense for occupancy amounted to \$208,929 and \$235,824 for the years ended June 30, 2010 and 2009, respectively. In addition, Family Service has five (5) 60-month operating leases for copy machines and one (1) 60-month operating lease for a fax machine. Rental payments under these leases were \$21,372 and \$16,277 for the years ended June 30, 2010 and 2009, respectively.

Future minimum commitments under all operating lease agreements are as follows:

2011	\$ 218,616
2012	188,581
2013	145,009
2014	<u>72,149</u>
	<u>\$ 624,355</u>

NOTE 9 - CONCENTRATIONS

Family Service received \$566,216 and \$809,598 from United Way during fiscal years 2010 and 2009, respectively. These contributions represent 21% and 25% of total support and revenue for the years ended June 30, 2010 and 2009, respectively.

FAMILY SERVICE OF GREATER NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2010 and 2009

NOTE 9 - CONCENTRATIONS (CONTINUED)

At June 30, 2010 and 2009, Family Service had a contributions receivable from the United Way totaling \$548,300 and 548,300, which represents 43% and 38% of total assets, respectively.

NOTE 10 - UNRESTRICTED NET ASSETS

	<u>2010</u>	<u>2009</u>
Unrestricted net assets consist of the following:		
Carrying value after accumulated depreciation of equipment and leasehold improvements	\$ 32,111	\$ 62,048
Net assets available for general activities	<u>398,795</u>	<u>459,715</u>
Total unrestricted net assets	<u>\$ 430,906</u>	<u>\$ 521,763</u>

NOTE 11 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes:

	<u>2010</u>	<u>2009</u>
Counseling Program Activities:		
United Way	\$ 548,300	\$ 564,332
Carter Foundation	32,800	-
Harper/Gittinger Foundation -- CMHC	21,624	-
Blue Cross Blue Shield LA -- CMHC	11,481	-
GNOF -- Children Mental Health Center	-	150,799
Murray Foundation	2,500	7,325
Azby Foundation	20,000	-
Fundraising and Development:		
Azby Foundation	12,000	-
Clinical Symposium	<u>7,665</u>	<u>7,665</u>
Total temporarily restricted net assets	<u>\$ 656,370</u>	<u>\$ 730,121</u>

FAMILY SERVICE OF GREATER NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2010 and 2009

NOTE 11 - TEMPORARILY RESTRICTED NET ASSETS (CONTINUED)

The following temporarily restricted net assets were released from restrictions during 2010 and 2009 due to the satisfaction of donor restrictions.

	<u>2010</u>	<u>2009</u>
Counseling Program Activities:		
United Way	\$ 564,332	\$ 645,266
Murray Foundation	14,625	8,600
Jr. League of New Orleans	1,789	3,567
GNOF – Children Mental Health Center	150,799	27,482
CVS Community Grant	2,000	-
Blue Cross Blue Shield LA – CMHC	13,519	-
Harper/Gittinger Foundation – CMHC	3,932	-
Carter Foundation	7,200	-
At-Risk Children and Youth Program Activities:		
Families and Schools Together	-	4,000
Jefferson Children’s Advocacy Center	-	1,011
New Voices	-	1,277
School Based Intervention	-	1,011
Good Touch Bad Touch	-	18,880
Time-Restricted Activities:		
Other	1,473	1,390
Clinical Symposium	<u>-</u>	<u>8,038</u>
Total temporarily restricted assets released from restrictions	<u>\$ 759,669</u>	<u>\$ 720,522</u>

NOTE 12 - PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets are restricted to investment in perpetuity, the income from which is restricted as follows:

	<u>2010</u>	<u>2009</u>
Clinical Symposium	\$ 30,000	\$ 30,000
Available for General Activities:		
Capital Campaign contributions	<u>3,460</u>	<u>3,460</u>
Total permanently restricted net assets	<u>\$ 33,460</u>	<u>\$ 33,460</u>

FAMILY SERVICE OF GREATER NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2010 and 2009

NOTE 12 - PERMANENTLY RESTRICTED NET ASSETS (CONTINUED)

For the year ended June 30, 2010 and 2009, the associated assets are included on the Statement of Financial Position as cash equivalents restricted for permanent endowment in the amount of \$3,460 and \$3,460 and investments in certificates of deposit in the amount of \$30,000, respectively.

NOTE 13 - BOARD OF DIRECTORS COMPENSATION

The Board of Directors of Family Service services and directs the organization on a voluntary basis. The Board does not receive compensation.

SUPPLEMENTAL INFORMATION

**FAMILY SERVICE OF GREATER NEW ORLEANS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2010**

Federal Grantor Pass-through Grantor Additional Pass-through Grantor Federal CFDA Program Title <u>Family Service of Greater New Orleans Program Title</u>		Federal CFDA or Other Identifying Number	<u>Federal Expenditures</u>
Department of Health and Human Services			
Passed through Louisiana State University			
Temporary Assistance for Needy Families	(1)	93.558	
New Orleans Truancy Center			\$ 334,560
Passed through Louisiana Department of Social Services			
Community-Based Child Abuse Prevention Grants		93.590	
Active Parenting Program			16,332
Foster Care - Title IV-E		93.658	
Foster Care (TIPS) - ARRA			6,403
<i>Total Department of Health and Human Services</i>			<u>\$ 357,295</u>
Department of Justice			
United States Probation Office		99.999	
Community Care Services			\$ 30,490
Pretrial Services			<u>10,456</u>
			\$ 40,946
Federal Bureau of Prisons		99.999	
Bureau of Prisons			28,522
Passed through Louisiana Commission on Law Enforcement			
Crime Victim Assistance	(2)	16.575	
Domestic Violence Counseling Program			71,821
Hate Crimes Counseling Program			24,173
Victims Assistance Program			13,739
Victim Outreach Program			7,967
Child Sexual Abuse Counseling Program			<u>7,743</u>
			125,443
Passed through Jefferson Children's Advocacy Center			
Child Abuse Counseling Program - ARRA	(2)	16.801	
			<u>2,908</u>
<i>Total Department of Justice</i>			<u>\$ 197,819</u>
Department of Labor			
Passed through Tulane University			
WIA Youth Activities		17.259	
Youth Services - ARRA			<u>\$ 67,510</u>
<i>Total Department of Labor</i>			<u>\$ 67,510</u>

**FAMILY SERVICE OF GREATER NEW ORLEANS
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
 Year Ended June 30, 2010**

Federal Grantor Pass-through Grantor Additional Pass-through Grantor Federal CFDA Program Title <u>Family Service of Greater New Orleans Program Title</u>	Federal CFDA or Other Identifying <u>Number</u>	<u>Federal Expenditures</u>
Department of Housing and Urban Development		
Passed through Unity of Greater New Orleans		
Homelessness Prevention and Rapid Re-Housing Program - ARRA	14.257	\$ <u>123,774</u>
<i>Total Department of Housing and Urban Development</i>		\$ <u>123,774</u>
<i>Total Expenditures of Federal Awards</i>		\$ <u>746,398</u>

(1) This program is considered a "major" program under OMB Circular A-133.

(2) This program is excluded from coverage under OMB Circular A-133

FAMILY SERVICE OF GREATER NEW ORLEANS
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2010

NOTE 1 - The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Organization and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations". Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

REBOWE & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS
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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

President and Board of Directors
Family Service of Greater New Orleans
New Orleans, Louisiana

We have audited the financial statements of Family Service of Greater New Orleans (a non-profit organization) ("Family Service") as of and for the year ended June 30, 2010, and have issued our report thereon dated September 30, 2010. We conducted our audit in accordance with generally accepted 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Family Service's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Family Service's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Family Service's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified the deficiency in the accompanying schedule of findings and questioned costs as item 2010-1 to be a significant deficiency in internal control over financial reporting. *A significant deficiency* is

a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Family Service's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, 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 non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

Family Service's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs as *Management's Corrective Action Plan*. We did not audit Family Service's responses and, accordingly, we express no opinion on them.

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

Rebowe & Company

September 30, 2010

REBOWE & COMPANY

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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

President and Board of Directors
Family Service of Greater New Orleans
New Orleans, Louisiana

Compliance

We have audited the compliance of Family Service of Greater New Orleans (a non-profit organization) ("Family Service") 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 each of its major federal programs for the year ended June 30, 2010. Family Service's major federal programs are 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 Family Service's management. Our responsibility is to express an opinion on Family Service's compliance based on our audit.

We conducted our 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 we 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 Family Service's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Family Service's compliance with those requirements.

In our opinion, Family Service complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended June 30, 2010.

Internal Control over Compliance

The management of Family Service 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 our audit, we considered Family Service's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Family Service's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Family Service's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs as *Management's Corrective Action Plan*. We did not audit Family Service's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Operations and Administrative Committee, the Board of Directors, and others within the organization, the Legislative Auditor of the State of Louisiana, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Rebowe & Company

September 30, 2010

**FAMILY SERVICE OF GREATER NEW ORLEANS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2010**

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of Family Service of Greater New Orleans.
2. One (1) control deficiencies disclosed during the audit of the financial statements are reported in the *Report on Internal Control Over Financial Reporting* and on *Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards*. The deficiency is considered to be a significant deficiency.
3. There were no instances of noncompliance material to the financial statements of Family Service of Greater New Orleans disclosed during the audit.
4. There were no instances of noncompliance relating to the audit of the major federal award program reported in the *Report on Compliance With Requirements Applicable to each Major Program* and *Internal Control Over Compliance in Accordance With OMB Circular A-133*.
5. The *Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133* expresses an unqualified opinion on all major federal programs.
6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this Schedule.
7. The program tested as a major program was:

CFDA #93.558 Temporary Assistance for Needy Families
8. The threshold used to distinguish between Type A and Type B programs was \$300,000.
9. Family Service of Greater New Orleans did not qualify as a low risk auditee.

**FAMILY SERVICE OF GREATER NEW ORLEANS
NOTES TO SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(CONTINUED)
For the Year Ended June 30, 2010**

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

SIGNIFICANT DEFICIENCY

2010-1 FINANCIAL STATEMENT PREPARATION (Repeat Finding)

Observation:

As is common with similar sized not-for-profit entities, Family Service of Greater New Orleans appears to have limited ability to produce a complete set of financial statements and footnotes in compliance with accounting principles generally accepted in the United States of America (GAAP).

Recommendation:

We recommend that management continue to strive to gain the necessary expertise to prepare comprehensive financial statements in compliance with GAAP.

Management's Corrective Action Plan:

Basic financial reports are prepared monthly for management and Board, but are not prepared in the format, and do not include all of the notes, etc., required by GAAP. As noted above, Family Service, as is common with similar sized not-for-profit entities, has limited ability to produce a complete set of financial statements and footnotes in compliance with GAAP. Management plans to do its best to better prepare comprehensive financial statements in compliance with GAAP.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

There were no findings related to federal awards for the year ended June 30, 2010.

**FAMILY SERVICE OF GREATER NEW ORLEANS
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(CONTINUED)
For the Year Ended June 30, 2010**

D. PRIOR AUDIT FINDINGS - FINANCIAL STATEMENTS AUDIT

SIGNIFICANT DEFICIENCY

2009-1 FINANCIAL STATEMENT PREPARATION

Condition:

As is common with similar sized not-for-profit entities, Family Service of Greater New Orleans appears to have limited ability to produce a complete set of financial statements and footnotes in compliance with accounting principles generally accepted in the United States of America (GAAP).

Recommendation:

We recommend that management continue to strive to gain the necessary expertise to prepare comprehensive financial statements in compliance with GAAP.

Current Status:

Internal income and cash reports are prepared monthly. As noted above, as is common with similar sized not-for-profit entities, Family Service has limited liability to produce a complete set of financial statements and footnotes in compliance with accounting principles generally accepted in the United States of America (GAAP).

E. PRIOR FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

2009-2 TEMPORARY ASSISTANCE FOR NEEDY FAMILIES, CFDA #93.558

Condition:

Family Service of Greater New Orleans failed to submit their New Orleans Truancy Assessment Services Center (NOTASC) expenditure for reimbursement reports and itemized invoices as specified in their Sub-Contract Agreement with the Board of Supervisors of Louisiana State University and A&M College on a timely basis.

Expenditure reports and itemized invoices for the months of August 2008, September 2008, December 2008, and April 2009 were not submitted on time.

**FAMILY SERVICE OF GREATER NEW ORLEANS
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(CONTINUED)
For the Year Ended June 30, 2010**

Criteria:

The Sub-Contract Agreement between the Board of Supervisors of Louisiana State University and A&M College and Family Service of Greater New Orleans requires that itemized invoices for services rendered, including expenditure reports for the month prior, be submitted on or before the 7th day of each month.

Effect:

The submission of these monthly expenditure reports and itemized invoices were late.

Cause:

These problems appear to be a result of a lack of oversight of management and reporting requirements.

Recommendation:

We recommend that Family Service attempt to provide better oversight over reporting requirements of all federal programs. In addition, we recommend that management follow-up with Supervisors regarding the submission of reports.

Current Status:

Family Service is aware of all deadlines and has established reminder and feedback procedures to ensure the timely submission of all reports.

2009-3 CRIME VICTIM ASSISTANCE, CFDA #16.320 AND CRIME VICTIM ASSISTANCE, CFDA #16.575

Condition:

Family Service of Greater New Orleans failed to submit their Victim's Outreach Program (Hate Crimes Project) quarterly progress report for the quarter of July 1, 2008 through September 30, 2008 as specified by the Louisiana Commission on Law Enforcement (LCLE) on a timely basis.

Family Service of Greater New Orleans also failed to submit their Domestic Violence Counseling Program (Orleans) quarterly progress reports for the quarters ended September 30, 2008 and December 31, 2008 as specified by the LCLE on a timely basis.

**FAMILY SERVICE OF GREATER NEW ORLEANS
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(CONTINUED)
For the Year Ended June 30, 2010**

Criteria:

The Louisiana Commission on Law Enforcement (LCLE) requires that Family Service of Greater New Orleans submit completed quarterly progress reports to them on or before the 15th day of each month following the end of the quarter.

Effect:

The submission of these reports for the Victim's Outreach Program (Hate Crimes Project) and the Domestic Violence Counseling Program (Orleans) was late.

Cause:

These problems appear to be a result of a lack of oversight of Supervisors and reporting requirements.

Recommendation:

We recommend that Family Service attempt to provide better oversight over reporting requirements of all federal programs. In addition, we recommend that management follow-up with Supervisors regarding the submission of quarterly reports.

Current Status:

Family Service is aware of all deadlines and has established reminder and feedback procedures to ensure the timely submission of all reports.

2009-4 CRIME VICTIM ASSISTANCE, CFDA #16.320 AND CRIME VICTIM ASSISTANCE, CFDA #16.575

Condition:

Family Service of Greater New Orleans failed to submit their Victim's Outreach Program (St. Bernard) May 2009 and June 2009 expenditure for reimbursement reports and itemized invoices as specified by the Louisiana Commission on Law Enforcement (LCLE) on a timely basis.

Criteria:

The Louisiana Commission on Law Enforcement (LCLE) requires that Family Service of Greater New Orleans submit the expenditure report/request for funds monthly if federal funds awarded exceed \$40,000 or quarterly, if less. For those submitted monthly, the cost reimbursement request must be submitted on or

FAMILY SERVICE OF GREATER NEW ORLEANS
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(CONTINUED)
For the Year Ended June 30, 2010

before the 15th day of each month following the end of the cycle or month being requested.

Family Service is currently submitting monthly reports to the Louisiana Commission on Law Enforcement.

Effect:

The submission of these required reports was late.

Cause:

These problems appear to be a result of a lack of oversight of Supervisors and reporting requirements.

Recommendation:

We recommend that Family Service attempt to provide better oversight over reporting requirements of all federal programs. In addition, we recommend that management follow-up with Supervisors regarding the submission of expenditure reports.

Current Status:

All of the referenced expenditure reports were submitted. The May and June "Expenditure Report" was received and processed in FY10.

Family Service notifies the appropriate VOCA office when needed forms are not timely received from that office, and sends out invoices within five business days of the receipt of an "Expenditure Report" in the Accounting Department.