

FAMILY AND YOUTH COUNSELING AGENCY, INC.
Lake Charles, Louisiana

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**

Year Ended December 31, 2013

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Family and Youth Counseling Agency, Inc.
Lake Charles, Louisiana

Report on the Financial Statements

I have audited the accompanying financial statements of Family and Youth Counseling Agency, Inc., (a non-profit organization) as of December 31, 2013, and the related notes to the financial statements, which collectively comprise the Organization's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. 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. Those standards require that I plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Family and Youth Counseling Agency, Inc. as of December 31, 2013 and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Board of Directors
Family and Youth Counseling Agency, Inc.
Lake Charles, Louisiana

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued a report dated April 22, 2014 on my consideration of Family and Youth Counseling Agency, Inc.'s internal control over financial reporting and my 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 my testing of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Family and Youth Counseling Agency, Inc.'s internal control over financial reporting and compliance.

Steven M. DeRouen & Associates

Lake Charles, Louisiana
April 22, 2014

FAMILY AND YOUTH COUNSELING AGENCY, INC.
STATEMENT OF FINANCIAL POSITION
December 31, 2013

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$	381,918
Investments		502,589
Unconditional promises to give		149,763
Accounts receivable, less allowance for doubtful accounts of \$3,419		28,634
Contracts receivable		85,928
Prepaid expenses		19,967
Total current assets		<u>1,168,799</u>

PROPERTY AND EQUIPMENT

Building		706,148
Furniture and equipment		228,820
		<u>934,968</u>
Less accumulated depreciation		(514,027)
		<u>420,941</u>
Land		82,800
Net property and equipment		<u>503,741</u>
Total assets	\$	<u><u>1,672,540</u></u>

The accompanying notes are an integral part of these statements.

FAMILY AND YOUTH COUNSELING AGENCY, INC.
STATEMENT OF FINANCIAL POSITION
December 31, 2013

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Current portion of long-term debt	\$ 25,000
Accounts payable	12,275
Accrued expenses	27,779
Unearned income	<u>224,872</u>
Total current liabilities	289,926

LONG TERM LIABILITIES, less current portion

Notes payable	<u>25,000</u>
Total liabilities	<u>314,926</u>

NET ASSETS

Unrestricted	
Undesignated	<u>1,207,851</u>
Total unrestricted net assets	<u>1,207,851</u>
Temporarily restricted	<u>149,763</u>
Total net assets	<u>1,357,614</u>
Total liabilities and net assets	<u>\$ 1,672,540</u>

The accompanying notes are an integral part of these statements.

FAMILY AND YOUTH COUNSELING AGENCY, INC.
STATEMENT OF ACTIVITIES
Year Ended December 31, 2013

	Unrestricted	Temporarily Restricted	Total
REVENUE, GAINS AND OTHER SUPPORT			
United Way of Southwest Louisiana	\$ 149,763	\$ 149,763	\$ 299,526
Grants and service fees	513,499	-	513,499
Program income	498,924	-	498,924
Contributions	115,167	-	115,167
Investment earnings (loss)	1,440	-	1,440
Unrealized gain (loss) on investments	74,467	-	74,467
Other	1,343	-	1,343
Fund raising/special events	153,712	-	153,712
Total revenues and gains	1,508,315	149,763	1,658,078
Net assets released from restrictions	147,904	(147,904)	-
TOTAL REVENUES, GAINS AND OTHER SUPPORT	1,656,219	1,859	1,658,078
EXPENSES AND LOSSES			
Program service - counseling	1,399,289	-	1,399,289
Management and general	179,602	-	179,602
Fund raising/special events	130,878	-	130,878
TOTAL EXPENSES AND LOSSES	1,709,769	-	1,709,769
CHANGE IN NET ASSETS	(53,550)	1,859	(51,691)
NET ASSETS AT BEGINNING YEAR	1,261,401	147,904	1,409,305
NET ASSETS AT END OF YEAR	\$ 1,207,851	\$ 149,763	\$ 1,357,614

The accompanying notes are an integral part of these statements.

FAMILY AND YOUTH COUNSELING AGENCY, INC.
STATEMENT OF CASH FLOWS
For The Year Ended December 31, 2013

Cash Flows From Operating Activities	
Increase (decrease) in net assets	\$ (51,691)
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Depreciation expense	27,481
Provision for bad debts	943
Unrealized appreciation of investments	(74,467)
Other	1,583
(Increase) decrease in operating assets:	
Accounts and contracts receivable	(24,181)
Prepaid expenses	901
Increase (decrease) in operating liabilities:	
Accounts payable	10,972
Accrued expense	1,122
Unearned income	<u>(32,760)</u>
 Total Adjustments	 <u>(88,406)</u>
 Net Cash Provided (Used) By Operating Activities	 <u>(140,097)</u>
Cash Flows From Investing Activities	
Redemption (purchases) of investments	115,675
Purchase of property and equipment	<u>(3,455)</u>
 Net Cash Provided (Used) By Investing Activities	 <u>112,220</u>
Cash Flows From Financing Activities	
Principal payments on notes payable	<u>(25,000)</u>
 Net Cash Provided (Used) By Financing Activities	 <u>(25,000)</u>
 Net Increase (Decrease) In Cash	 (52,877)
 Cash - Beginning of Year	 <u>434,795</u>
 Cash - End of Year	 <u>\$ 381,918</u>

The accompanying notes are an integral part of these statements

FAMILY AND YOUTH COUNSELING AGENCY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2013

	Program Services	Supporting Services		Total
		Management and General	Fund Raising	
Salaries and contract labor	\$ 899,265	115,499	87,407	\$ 1,102,171
Employee benefits	139,130	17,869	13,522	170,521
Payroll taxes	65,208	8,375	6,338	79,921
Professional fees	36,871	4,736	3,585	45,192
Supplies	20,118	2,584	1,955	24,657
Telephone	7,973	1,024	774	9,771
Postage and shipping	2,301	296	225	2,822
Occupancy	23,939	3,075	2,328	29,342
Rental and maintenance of equipment	6,339	814	616	7,769
Printing and publications	8,146	1,046	793	9,985
Travel	26,766	3,438	2,602	32,806
Conference and meetings	24,294	3,120	2,362	29,776
Training and professional development	7,043	905	685	8,633
Specific assistance	10,502	1,349	1,021	12,872
Insurance	30,372	3,901	2,953	37,226
Bad debts	768	99	76	943
Affiliation dues	5,639	723	-	6,362
Fund raising	37,406	4,804	3,636	45,846
Miscellaneous	22,751	2,922	-	25,673
Total before depreciation	<u>1,374,831</u>	<u>176,579</u>	<u>130,878</u>	<u>1,682,288</u>
Depreciation	<u>24,458</u>	<u>3,023</u>	<u>-</u>	<u>27,481</u>
Total expenses	<u>\$ 1,399,289</u>	<u>\$ 179,602</u>	<u>\$ 130,878</u>	<u>\$ 1,709,769</u>

The accompanying notes are an integral part of these statements.

FAMILY AND YOUTH COUNSELING AGENCY, INC.
Lake Charles, Louisiana
Notes to Financial Statements
December 31, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Family and Youth Counseling Agency, Inc. (the Agency) is presented to assist in understanding the Agency's financial statements. The financial statements and notes are representations of the Agency's management, who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

A. Nature of Activities

The Family and Youth Counseling Agency, Inc. is a Louisiana not-for-profit corporation that operates under a Board of Directors which appoints an Executive Director and otherwise controls and guides the Agency. The Agency serves as an "umbrella" organization for several family assistance and counseling programs, as follows:

Autism Support Alliance promotes access and opportunities for persons with autism and their families to be fully included as participating members of their communities. As such, the alliance supports the family's plan and empowers the family in negotiating the systems of health care, social service and education resources.

Court Appointed Special Advocates (CASA) are volunteers who speak in court for a child's best interest. Judges appoint a CASA volunteer to an abused or neglected child who has been removed from his or her home. The CASA volunteer helps to ensure that the child receives appropriate care, whether from a foster home or relative's home while he or she is in the court system. Volunteers are trained and supported by CASA staff.

Children's Advocacy Center is a child-friendly facility designed to coordinate services for children who have been reported as sexually or severely physically abused. Designed and managed to reduce the effects of trauma, the center's comfortable environment and well-trained staff work together with area prosecutors, law enforcement agents, social service workers, therapists, victim advocates and medical professionals to investigate child abuse allegations and reduce the number of investigative interviews typically experienced by victims.

The Counseling Center's licensed and professionally credentialed clinicians and para-professionals provide a wide range of constructive and life-changing services in the form of counseling, consultation, and education to benefit individuals, couples, and families in Southwest Louisiana. Based on the belief that all individuals possess the ability to solve their own challenges and live a healthy life when support is available, counselors and case managers utilize a strength-based, client-directed and outcome-informed approach. The overriding goal is to support and encourage the development of greater well-being among the citizens of Southwest Louisiana.

Children & Families Action Network (CFAN) exists to promote mission-based advocacy for the purpose of increasing civic engagement and participation to effect changes in public policy on behalf of children, families and communities.

FAMILY AND YOUTH COUNSELING AGENCY, INC.
Lake Charles, Louisiana
Notes to Financial Statements (Continued)
December 31, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Nature of Activities (Continued)

The Leadership Center for Youth provides guidance, leadership development, career exploration and civic engagement opportunities to facilitate the youth's success and involvement in the community. Committed to shaping today's youth into strong leaders for tomorrow, The Leadership Center provides opportunities for positive youth development.

Performance Employee Assistance and Business Services provides high-quality, affordable human support services to leading businesses in Southwest Louisiana. Multiple and single behavioral risk factors are identified and addressed by employee assistance counselors who consider the impact of personal problems in the workplace. Through counseling, consultation and well-designed training, performance professionals take care of the heart and soul of area businesses so that businesses can pay attention to their bottom line.

B. Use of Estimates

The preparation of financial statements in conformity with 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 the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

C. Basis of Accounting

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

D. Basis of Presentation

Financial statement presentation follows the recommendations of the FASB ASC Topic 958 (formally) SFAS No. 117, Financial Statements of Not-for-Profit Organizations. Under FASB ASC Topic 958, the Agency is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

E. Cash and Cash Equivalents

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

FAMILY AND YOUTH COUNSELING AGENCY, INC.
Lake Charles, Louisiana
Notes to Financial Statements (Continued)
December 31, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Donated Property and Equipment

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 restriction 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, the Agency reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Agency reclassifies temporarily restricted net assets to unrestricted net assets at that time.

G. Donated Services

Donated services are recognized as contributions in accordance with FASB ASC 958-605-15 (formally) SFAS No. 116, *Accounting for Contributions Received and Contributions Made*, if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Agency. Included in the financial statements are donated services valued at \$55,004 for the Child Advocacy, CASA, and Counseling programs. Volunteers also provided various services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria under FASB ASC 958-605-15 were not met.

H. Income Taxes

The Agency is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Agency qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2). The Agency's open audit periods are from 2010-2013.

I. Investments

Investments in marketable equity securities with readily determinable fair values are stated at fair market value. Donated investments are reflected as contributions at their market values at date of receipt. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities.

J. Promises to Give

Unconditional promises to give are recognized as revenues, or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. At December 31, 2013, the unconditional promise to give of \$149,763 was from United Way of Southwest Louisiana. These funds will be received in the year 2014 but are recorded as temporary restricted revenues for the year ended December 31, 2013 in accordance with FASB ASC 958-605-15, *Accounting for Contributions Received and Contributions Made*.

FAMILY AND YOUTH COUNSELING AGENCY, INC.
Lake Charles, Louisiana
Notes to Financial Statements (Continued)
December 31, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Restricted and Unrestricted Revenue Support

Contributions received are recorded as unrestricted, temporarily unrestricted, or permanently restricted support, depending on the existence and/or nature of any donor restriction.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. In the event that restricted support is received in the same period as the restriction lapses, the agency follows the practice of reporting the support as unrestricted.

L. Property and Equipment

All acquisitions of property and equipment in excess of \$500 and all expenditures for repairs, maintenance, renewals, and betterment that materially prolong the useful lives of assets are capitalized. Property and equipment are stated at cost. The Agency uses straight-line depreciation.

M. Concentration of Revenue and Support

The majority of the funding for the Agency's programs is provided by the United Way of Southwest Louisiana (18%) and various federal, state, and local grants on a year-by-year basis. In addition, the Agency derives its program fees from the geographic region of Southwest Louisiana encompassing five parishes.

N. Fair Values of Financial Instruments

The Agency has a number of financial instruments, none of which is held for trading purposes. The Agency estimates that the fair value of all financial instruments at December 31, 2013 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The estimated fair value amounts have been determined by the Agency using available market information and appropriate valuation methodologies. Considerable judgment is necessarily required in interpreting market data to develop the estimates of fair value, and, accordingly, the estimates are not necessarily indicative of the amounts that the agency could realize in a current market exchange. The recorded values of cash and cash equivalents, accounts receivable, and accounts payable approximate their fair values based on their short-term nature. The recorded values of notes payable approximate their fair value, as interest is insignificant.

FAMILY AND YOUTH COUNSELING AGENCY, INC.
Lake Charles, Louisiana
Notes to Financial Statements (Continued)
December 31, 2013

NOTE 2 - LONG TERM LIABILITIES

The note payable for the Agency at December 31, 2013 consisted of the following:

The Joe W. and Dorothy Dorsett Brown Foundation
 New Orleans, Louisiana:

The Agency received a loan from the Brown Foundation in which the Foundation advanced Funds of \$500,000 for the construction of a new facility. The terms of this loan require repayment in annual installments of \$25,000 over a 20 year period with no stated interest. Imputed interest on these advances does not apply because the present value of the debt service is presumed to equal the cash received

	\$ 50,000
Less current maturities	<u>25,000</u>
Total long-term portion	<u>\$ 25,000</u>

The following is a schedule of principal payments on long-term debt for the five years subsequent to December 31, 2013:

Year Ending December 31:

2014	\$25,000
2015	<u>25,000</u>
Total	<u>\$50,000</u>

NOTE 3 - FUND RAISING

Certain publicity and promotion activities were undertaken in the year, which also serves as fund raising events. Total fund raising for 2013 yielded \$153,712 with the cost of these activities being \$130,878, which included the partial costs of salaries of employees involved in fund raising efforts. These fund raising expenses are included in the Statement of Functional Expenses in the categories to which they relate.

FAMILY AND YOUTH COUNSELING AGENCY, INC.
 Lake Charles, Louisiana
 Notes to Financial Statements (Continued)
 December 31, 2013

NOTE 4 - EXPENSE ALLOCATION METHODS

Expenses were allocated in the accompanying financial statements to program and administrative functional expense groups. The methods of allocation were based on the Agency's estimates of the relative proportion of various staff members' time and effort between program and administrative functions as well as the Agency's estimates of the amount of each expense utilized for the program or administrative functions.

NOTE 5 - CONCENTRATION OF RISK

Financial instruments that potentially subject the Agency to concentrations of credit risk consist principally of promises to give receivable. Amount receivable from promises to give at December 31, 2013 consists of \$149,763 from the United Way of Southwest Louisiana.

The Agency also has exposure for credit risk with regard to the investments in mutual funds with fair market values totaling \$426,589 because those funds are not insured against market risk.

NOTE 6 - PROMISES TO GIVE

During the year ended December 31, 2013, the Agency received its 2014 United Way allocation. This allocation is temporarily restricted at time of receipt and is properly reflected in the accompanying statement of activities as an increase in temporarily restricted net assets. Uncollectible allocations are expected to be insignificant.

Unconditional promises to give at December 31, 2013 are as follows:

Receivable in less than one year	\$149,763
Total unconditional promises to give	<u>149,763</u>
Less discounts to net present value	-
Less allowance for uncollectible promises receivable	-
Net unconditional promises to give at December 31, 2013	<u>\$149,763</u>

FAMILY AND YOUTH COUNSELING AGENCY, INC.
 Lake Charles, Louisiana
 Notes to Financial Statements (Continued)
 December 31, 2013

NOTE 7 - RETIREMENT COMMITMENTS

The Agency contributes to a defined contribution plan through Mutual of America Life Insurance Company. Full time employee membership is mandatory as a condition of employment. Eligibility requirements consist of minimum age of 21 and 1000 hours of service. Participants are fully vested upon completion of 3 years of service.

The Agency is required to contribute 9.5% of the participants' compensation. Non-deductible voluntary employee contributions are not permitted. Total contributions made by the Agency for 2013 were \$99,166. Mutual of America Life Insurance Company issues an annual financial report that includes financial statements and required supplementary information for the plan. That report is available upon request.

NOTE 8 - INVESTMENTS

The Agency applies generally accepted accounting principles (GAAP) for fair value measurements of financial assets that are recognized at fair value in the financial statements on a recurring basis. GAAP establishes fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of fair market hierarchy are as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the Agency has the ability to access.

Level 2 inputs are inputs (other than quoted prices in Level 1) that are observable for the asset or liability, either directly or indirectly.

Level 3 are unobservable inputs for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability. The unobservable inputs should be developed based on the best information available.

The fair value and cost measured on a recurring basis of investments as of December 31, 2013:

	Fair Value	Cost
Level 1 in active markets:		
Edward Jones – Mutual Funds	\$ 426,589	\$ 352,122
Level 2 in active markets:		
Iberia Bank - CD	25,000	25,000
Merchant and Farmers Bank – CD	51,000	51,000
Total Investments	<u>\$ 502,589</u>	<u>\$ 428,122</u>

Investment return for the year ended December 31, 2013 is summarized as follows:

Interest Income	\$ 1,408
Realized Gain (Loss)	-
Net Unrealized Gain (Loss) on Investments	74,467
Total Unrestricted Investment Income	<u>\$ 75,875</u>

FAMILY AND YOUTH COUNSELING AGENCY, INC.
Lake Charles, Louisiana
Notes to Financial Statements (Continued)
December 31, 2013

NOTE 9 – UNEARNED INCOME

As of December 31, 2013, the Agency received \$224,872 in grant proceeds that are to be used during 2014.

NOTE 10 – TANF EXPENDITURES

The following is a schedule of TANF expenditures for fiscal year December 31, 2013:

Salaries	\$ 104,642
Employee benefits and taxes	16,281
Professional fees	2,221
Supplies and operating expenses	7,351
Travel & meetings	5,449
Training	773
Printing	1,200
Administrative	<u>1,050</u>
Total	<u>\$ 138,967</u>

NOTE 11 – SUBSEQUENT EVENT

The Agency evaluated its December 31, 2013 financial statements for subsequent events through April 14, 2014, the date the financial statements were available to be issued. The Agency is not aware of any subsequent events which would require recognition or disclosure in the financial statements.

NOTE 12 – ACCOUNTS RECEIVABLE AND ALLOWANCE FOR DOUBTFUL ACCOUNTS

Accounts receivable are reported net of any allowance for doubtful accounts. The Agency provides for doubtful accounts based on experience and analysis of individual accounts.

NOTE 13 – COMMUNITY DEVELOPMENT BLOCK GRANT

For the fiscal year ended December 31, 2013, the Agency received and expended \$15,000 in funds received from the City of Lake Charles, Louisiana, which was passed through from the U.S. Department of Health & Human Services – Community Development Block Grant.

STEVEN M. DEROUEN & ASSOCIATES

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INDEPENDENT AUDITOR'S 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 Board of Directors
Family and Youth Counseling Agency, Inc.
Lake Charles, Louisiana

I have audited, in accordance with the 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, the financial statements of Family and Youth Counseling Agency, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2013, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued my report thereon dated April 14, 2014.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Family and Youth Counseling Agency, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Agency's internal control.

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. A significant deficiency, or a 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.

My consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The Board of Directors
Family and Youth Counseling Agency, Inc.
Lake Charles, Louisiana
Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Family and Youth Counseling Agency, Inc.'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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited.

Steven M. DeRouen & Associates

Lake Charles, Louisiana
April 14, 2014

FAMILY AND YOUTH COUNSELING AGENCY, INC.
Lake Charles, Louisiana
Schedule of Findings and Questioned Costs
Year Ended December 31, 2013

Summary of Audit Results

1. The auditors' report expresses an unqualified opinion on the financial statements of Family and Youth Counseling Agency, Inc. (FYCA).
2. No significant deficiencies or material weaknesses were disclosed during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of FYCA were disclosed during the audit.

FAMILY AND YOUTH COUNSELING AGENCY, INC.
Lake Charles, Louisiana
Summary Schedule of Prior Audit Findings
Year Ended December 31, 2012

NONE