

**LOUISIANA UNITED METHODIST CHILDREN
AND FAMILY SERVICES, INC.
RUSTON, LOUISIANA**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY DATA
DECEMBER 31, 2010 AND 2009
AND
INDEPENDENT AUDITORS' REPORT**

**REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT PERFORMED IN ACCORDANCE WITH
GOVERNMENT STANDARDS**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS

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 5/4/11

**LOUISIANA UNITED METHODIST CHILDREN
AND FAMILY SERVICES, INC.**

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AND FAMILY SERVICES, INC.
RUSTON, LOUISIANA**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY DATA
DECEMBER 31, 2010 AND 2009
AND
INDEPENDENT AUDITORS' REPORT**

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Louisiana United Methodist Children
and Family Services, Inc.
Ruston, Louisiana

We have audited the accompanying statements of financial position of Louisiana United Methodist Children and Family Services, Inc., (a nonprofit organization) as of December 31, 2010 and 2009, and the related statements of activities and cash flows for the years then ended, as listed in the table of contents. These financial statements are the responsibility of Louisiana United Methodist Children and Family Services, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our 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*. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 Louisiana United Methodist Children and Family Services, Inc., as of December 31, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 17, 2011 on our consideration of Louisiana United Methodist Children and Family Services, Inc.'s internal control over financial statements reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the 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 should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements of Louisiana United Methodist Children and Family Services, Inc. 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 financial statements. The schedules of additional details are presented for purposes of additional analysis and is not a required part of the basic financial statements. This supplementary data 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.

Robinson, Gardner, Langston & Bryan, CPAs
Monroe, Louisiana

March 17, 2011

**LOUISIANA UNITED METHODIST CHILDREN
AND FAMILY SERVICES, INC.**

**COMBINED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2010 AND 2009**

ASSETS	<u>General Operating Fund</u>	<u>Endowment Fund</u>	<u>Local Investment Fund</u>	<u>General Fixed Assets</u>	<u>Total All Funds 2010</u>	<u>Total All Funds 2009</u>
Current Assets						
Cash and cash equivalents	\$ 866,967	\$ 328,190	\$ 3,932,868	\$	\$ 5,128,025	\$ 3,967,210
Accounts & cost reimbursement receivable (net)	895,984	43,446	566,912		1,506,342	2,546,279
Prepaid expenses and other	58,017				58,017	83,907
Promises to give - unrestricted	13,850		66,422		80,272	69,600
Inventory	54,571				54,571	54,327
Total current assets	<u>\$ 1,889,389</u>	<u>\$ 371,636</u>	<u>\$ 4,566,202</u>	<u>\$ 0</u>	<u>\$ 6,827,227</u>	<u>\$ 6,721,323</u>
Long-Term Investments						
Stocks, bonds and notes	\$	\$ 28,508,303	\$ 23,100	\$	\$ 28,531,403	\$ 23,814,331
Investment property			521,936		521,936	521,936
Trust funds - temporarily restricted	21,434		1,202,127		1,223,561	1,158,135
Cash surrender value life insurance	316,681				316,681	302,257
Total long-term investments	<u>\$ 338,115</u>	<u>\$ 28,508,303</u>	<u>\$ 1,747,163</u>	<u>\$ 0</u>	<u>\$ 30,593,581</u>	<u>\$ 25,796,659</u>
Property and Equipment						
Land and improvements	\$	\$	\$	\$ 963,601	\$ 963,601	\$ 963,601
Property, plant and equipment				17,815,462	17,815,462	15,858,665
Less: Accumulated depreciation				(7,320,606)	(7,320,606)	(6,611,021)
Construction in progress				4,087,548	4,087,548	1,163,140
Total property and equipment	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 15,546,005</u>	<u>\$ 15,546,005</u>	<u>\$ 11,374,385</u>
Other Assets						
Promises to give - unrestricted (net)	\$	\$	\$ 166,967	\$	\$ 166,967	\$ 105,784
Utility deposits			625		625	625
Total Assets	<u>\$ 2,227,504</u>	<u>\$ 28,879,939</u>	<u>\$ 6,480,957</u>	<u>\$ 15,546,005</u>	<u>\$ 53,134,405</u>	<u>\$ 43,998,776</u>
LIABILITIES						
Current Liabilities						
Bank overdraft	\$	\$	\$	\$	\$	\$ 13,811
Accounts payable	207,380		58,121		265,501	699,072
Accrued compensation	500,281				500,281	446,455
Total current liabilities	<u>\$ 707,661</u>	<u>\$ 0</u>	<u>\$ 58,121</u>	<u>\$ 0</u>	<u>\$ 765,782</u>	<u>\$ 1,159,338</u>
Other Liabilities						
Retirement payable	\$ 224,418	\$	\$	\$	\$ 224,418	\$ 211,380
Total liabilities	<u>\$ 932,079</u>	<u>\$ 0</u>	<u>\$ 58,121</u>	<u>\$ 0</u>	<u>\$ 990,200</u>	<u>\$ 1,370,718</u>
Net Assets						
Unrestricted	\$ 1,273,991	\$ 28,770,686	\$ 5,220,709	\$ 15,546,005	\$ 50,811,391	\$ 41,359,974
Temporarily restricted	21,434	9,253	1,202,127		1,232,814	1,168,084
Permanently restricted		100,000			100,000	100,000
Total net assets	<u>\$ 1,295,425</u>	<u>\$ 28,879,939</u>	<u>\$ 6,422,836</u>	<u>\$ 15,546,005</u>	<u>\$ 52,144,205</u>	<u>\$ 42,628,058</u>
Total Liabilities and Net Assets	<u>\$ 2,227,504</u>	<u>\$ 28,879,939</u>	<u>\$ 6,480,957</u>	<u>\$ 15,546,005</u>	<u>\$ 53,134,405</u>	<u>\$ 43,998,776</u>

The accompanying notes are an integral part of this statement.

**LOUISIANA UNITED METHODIST CHILDREN
AND FAMILY SERVICES, INC.**

**COMBINED STATEMENTS OF ACTIVITIES
For The Years Ending December 31, 2010 and 2009**

	General Operating Fund	Endowment Fund	Local Investment Fund	General Fixed Assets	Total All Funds 2010	Total All Funds 2009
UNRESTRICTED SUPPORT AND REVENUE						
Contributions	\$ 1,344,030	\$	\$	\$	\$ 1,344,030	\$ 1,200,828
Louisiana appropriation	155,649				155,649	211,805
Children's home offerings	175,395				175,395	215,703
Wills and bequests			886,842		886,842	553,706
Child care support	7,984,182				7,984,182	7,931,245
Independent living services	235,017				235,017	328,379
Grants for child care	42,994				42,994	204,520
Family development services	258,773				258,773	97,683
Trust funds	115,118		12,495		127,613	110,714
Interest income	1,195	57,534	6,570		65,299	67,962
Dividend and pooled funds income	23,458	1,055,327	39,111		1,117,896	948,427
Miscellaneous	397,670				397,670	351,064
Net realized and unrealized gain (loss) on investments		1,668,929	(4,045)		1,664,884	3,490,385
Other investment Income			4,870,109		4,870,109	2,168,949
	<u>\$ 10,733,481</u>	<u>\$ 2,781,790</u>	<u>\$ 5,811,082</u>	<u>\$ 0</u>	<u>\$ 19,326,353</u>	<u>\$ 17,881,370</u>
NET ASSETS RELEASED FROM RESTRICTIONS						
Restrictions satisfied by payments	\$ 0	\$ 4,605	\$ 3,739,288	\$ 0	\$ 3,743,893	\$ 1,360,894
EXPENSES						
Administrative and general	\$ 2,160,684	\$ 45,906	\$ 248,249	\$	\$ 2,454,839	\$ 2,401,101
Plant operation and maintenance	747,470				747,470	729,819
Medical and nursing	286,186				286,186	271,549
Dietary	598,896				598,896	627,502
Emergency shelter care	493,070				493,070	480,119
Child Specific Program	241,526				241,526	232,397
Residential group care	1,973,414				1,973,414	1,945,469
Recreational	243,041				243,041	227,616
Educational services	744,603				744,603	724,396
Pastoral care	75,598				75,598	76,128
Family development service	246,877				246,877	254,518
Stimulus CVA Grant	23,881				23,881	11,098
Clinical services	871,501				871,501	878,153
Life skills service	151,930				151,930	184,766
Transitional living	109,983				109,983	113,299
Outdoor wilderness learning	430,470				430,470	401,769
Public relations and development	587,423				587,423	487,404
Family plus	664,935				664,935	654,650
Changing attitudes and behavior	1,940,067				1,940,067	1,906,904
Provision for depreciation				723,821	723,821	699,648
Loss on abandonment				9,297	9,297	4,766
	<u>\$ 12,591,555</u>	<u>\$ 45,906</u>	<u>\$ 248,249</u>	<u>\$ 733,118</u>	<u>\$ 13,618,828</u>	<u>\$ 13,313,071</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>\$ (1,858,074)</u>	<u>\$ 2,740,489</u>	<u>\$ 9,302,121</u>	<u>\$ (733,118)</u>	<u>\$ 9,451,418</u>	<u>\$ 5,929,193</u>
CHANGE IN ASSETS FROM OPERATIONS	<u>\$ (1,858,074)</u>	<u>\$ 2,740,489</u>	<u>\$ 9,302,121</u>	<u>\$ (733,118)</u>	<u>\$ 9,451,418</u>	<u>\$ 5,929,193</u>
OTHER CHANGES IN NET ASSETS						
Property and equipment acquisitions and transfers	\$ (15,541)	\$	\$ (4,889,197)	\$ 4,904,738	\$	\$
Operating transfers	1,111,008	(1,111,008)				
Endowment transfers	749,154	2,987,471	(3,736,625)			
CHANGE IN UNRESTRICTED NET ASSETS	<u>\$ (13,453)</u>	<u>\$ 4,616,952</u>	<u>\$ 676,299</u>	<u>\$ 4,171,620</u>	<u>\$ 9,451,418</u>	<u>\$ 5,929,193</u>
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS						
Net realized and unrealized gain (loss) on investments	\$ (9,149)	\$ 3,909	\$ 74,574	\$	\$ 69,334	\$ 115,322
Contributions and grants			3,739,288		3,739,288	1,360,894
Net assets released from restrictions		(4,605)	(3,739,288)		(3,743,893)	(1,360,894)
Endowment transfers						
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS	<u>\$ (9,149)</u>	<u>\$ (696)</u>	<u>\$ 74,574</u>	<u>\$ 0</u>	<u>\$ 64,729</u>	<u>\$ 115,322</u>
CHANGE IN PERMANENTLY RESTRICTED NET ASSETS						
Net realized and unrealized gain (loss)	\$	\$	\$	\$	\$	\$
Contributions						15,420
Transfers (to) from						
CHANGE IN PERMANENTLY RESTRICTED NET ASSETS	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 15,420</u>
INCREASE (DECREASE) IN NET ASSETS	<u>\$ (22,602)</u>	<u>\$ 4,616,256</u>	<u>\$ 750,873</u>	<u>\$ 4,171,620</u>	<u>\$ 9,516,147</u>	<u>\$ 6,059,935</u>
NET ASSETS - BEGINNING OF YEAR	<u>1,318,027</u>	<u>24,263,683</u>	<u>5,671,963</u>	<u>11,374,385</u>	<u>42,628,058</u>	<u>36,568,123</u>
NET ASSETS - END OF YEAR	<u>\$ 1,295,425</u>	<u>\$ 28,879,939</u>	<u>\$ 6,422,836</u>	<u>\$ 15,546,005</u>	<u>\$ 52,144,205</u>	<u>\$ 42,628,058</u>

The accompanying notes are an integral part of this statement.

**LOUISIANA UNITED METHODIST CHILDREN
AND FAMILY SERVICES, INC.**

**COMBINED STATEMENTS OF CASH FLOWS
For The Years Ending December 31, 2010 and 2009**

	General Operating Fund	Endowment Fund	Local Investment Fund	General Fixed Assets	Total All Funds 2010	Total All Funds 2009
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash received from services	\$ 9,468,579	\$	\$	\$	\$ 9,468,579	\$ 8,795,641
Cash received from contributions and grants	1,833,686		5,087,071		6,920,757	2,589,759
Income from trust funds	115,118		12,495		127,613	113,214
Interest received	1,195	54,241	6,570		62,006	52,915
Dividends and pooled income	22,972	1,055,738	39,675		1,118,385	934,734
Receipt from investment properties			4,464,383		4,464,383	2,419,534
Miscellaneous receipts	229,965				229,965	270,803
Cash paid to employees, suppliers, deposits	(12,680,842)	(45,906)	(620,059)		(13,346,807)	(12,449,844)
Cash received from (to) other funds	1,111,008	(1,111,008)				
Net cash provided (used) by operating activities	<u>\$ 101,681</u>	<u>\$ (46,935)</u>	<u>\$ 8,990,135</u>	<u>\$ 0</u>	<u>\$ 9,044,881</u>	<u>\$ 2,726,756</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from sale of investments	\$ 18,613	\$ 3,343,451	\$ 46,293	\$	\$ 3,408,357	\$ 3,847,454
Purchase of investments		(6,387,685)			(6,387,685)	(5,010,840)
Purchase of property and equipment	(15,541)		(4,889,197)		(4,904,738)	(1,545,823)
Endowment transfers	749,154	2,987,471	(3,736,625)			
Net cash provided (used) by investing activities	<u>\$ 752,226</u>	<u>\$ (56,763)</u>	<u>\$ (8,579,529)</u>	<u>\$ 0</u>	<u>\$ (7,884,066)</u>	<u>\$ (2,709,209)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS						
	\$ 853,907	\$ (103,698)	\$ 410,606	\$	\$ 1,160,815	\$ 17,547
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR						
	<u>13,060</u>	<u>431,888</u>	<u>3,522,262</u>		<u>3,967,210</u>	<u>3,949,663</u>
CASH AND CASH EQUIVALENTS - END OF YEAR						
	<u>\$ 866,967</u>	<u>\$ 328,190</u>	<u>\$ 3,932,868</u>	<u>\$ 0</u>	<u>\$ 5,128,025</u>	<u>\$ 3,967,210</u>
RECONCILIATION OF CHANGE IN NET ASSETS TO CASH PROVIDED BY OPERATING ACTIVITIES						
Change in net assets	\$ (22,602)	\$ 4,616,256	\$ 750,873	\$ 4,171,620	\$ 9,516,147	\$ 6,059,935
Adjustments to reconcile changes in net assets to net cash provided:						
Depreciation and amortization				723,821	723,821	699,648
Uncollectible pledges/receivables	21,669		4,763		26,432	0
(Gain) Loss on abandoned or sold assets	83		4,044	9,297	13,424	2,185
Decrease (Increase) in receivables and promises to give	838,416	(2,882)	106,114		941,648	(616,541)
Decrease (Increase) in prepaid expenses and deposits	25,890				25,890	(4,698)
Decrease (Increase) in inventory	(244)				(244)	16,665
Increase (Decrease) in payables and accrued expenses	(3,947)		(376,571)		(380,518)	595,338
Realized and unrealized loss (gain) on investments	(5,275)	(1,672,838)	(74,574)		(1,752,687)	(3,633,575)
Purchase of property and equipment	15,541		4,889,197	(4,904,738)		
Transfer (from) to other funds	(749,154)	(2,987,471)	3,736,625			
Non-cash bequest to assets for sale or real estate	(18,696)		(50,336)		(69,032)	(392,201)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 101,681</u>	<u>\$ (46,935)</u>	<u>\$ 8,990,135</u>	<u>\$ 0</u>	<u>\$ 9,044,881</u>	<u>\$ 2,726,756</u>
INTEREST PAID	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
INCOME TAXES PAID	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

The accompanying notes are an integral part of this statement.

**LOUISIANA UNITED METHODIST CHILDREN
AND FAMILY SERVICES, INC.**

**GENERAL OPERATING FUND
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2010 AND 2009**

ASSETS	<u>2010</u>	<u>2009</u>
Current assets		
Cash and cash equivalents	\$ 866,967	\$ 13,060
Accounts & cost reimburse receivables (net of \$22,035 and \$366 allowance for 2010 and 2009, respectively)	895,984	1,768,569
Unconditional promises to give (net of \$100 and \$100 allowance for 2010 and 2009, respectively)	13,850	1,350
Inventory	54,571	54,327
Prepaid expenses and other	<u>58,017</u>	<u>83,907</u>
Total current assets	<u>\$ 1,889,389</u>	<u>\$ 1,921,213</u>
LONG-TERM INVESTMENTS		
Anonymous Charitable Lead Annuity Trust	\$ 21,434	\$ 30,583
Cash Surrender Value Life Insurance	<u>316,681</u>	<u>302,257</u>
Total long-term investments	<u>\$ 338,115</u>	<u>\$ 332,840</u>
Total Assets	<u>\$ 2,227,504</u>	<u>\$ 2,254,053</u>
LIABILITIES		
Current liabilities		
Bank overdraft	\$	\$ 13,811
Accounts payable	207,380	264,380
Accrued compensation	<u>500,281</u>	<u>446,455</u>
Total current liabilities	<u>\$ 707,661</u>	<u>\$ 724,646</u>
OTHER LIABILITIES		
Retirement payable	<u>\$ 224,418</u>	<u>\$ 211,380</u>
Total liabilities	<u>\$ 932,079</u>	<u>\$ 936,026</u>
NET ASSETS		
Unrestricted	\$ 1,273,991	\$ 1,287,444
Temporarily restricted	<u>21,434</u>	<u>30,583</u>
Total net assets	<u>\$ 1,295,425</u>	<u>\$ 1,318,027</u>
Total Liabilities and Net Assets	<u>\$ 2,227,504</u>	<u>\$ 2,254,053</u>

The accompanying notes are an integral part of this statement.

**LOUISIANA UNITED METHODIST CHILDREN
AND FAMILY SERVICES, INC.**

**GENERAL OPERATING FUND
STATEMENTS OF ACTIVITIES
For the Years Ended December 31, 2010 and 2009**

	2010	2009
UNRESTRICTED REVENUES AND SUPPORT		
Contributions	\$ 1,344,030	\$ 1,093,132
Children's home offerings	175,395	215,703
Special events	60,524	68,575
Child care support	7,984,182	7,931,245
Independent living services	235,017	328,379
Federal subgrants for child care	42,994	204,520
Family development services	258,773	97,683
Training fees and evaluation	84,457	48,634
Trust funds	115,118	95,389
Interest income	1,195	2,349
Dividend income	23,458	12,108
Outdoor wilderness learning	139,136	156,412
Louisiana appropriations	155,649	211,805
Grant Income	60,952	27,871
Miscellaneous income	52,601	49,572
	<u>\$ 10,733,481</u>	<u>\$ 10,543,377</u>
Total revenues and support		
EXPENSES		
Administrative and general	\$ 2,160,684	\$ 2,110,951
Plant operation and maintenance	747,470	729,819
Medical and nursing	286,186	271,549
Dietary	598,896	627,502
Emergency shelter care	493,070	480,119
Child Specific Program	241,526	232,397
Residential group care	1,973,414	1,945,469
Recreational	243,041	227,616
Educational services	744,603	724,396
Pastoral care	75,598	76,128
Family development service	246,877	254,518
Stimulus CVA Grant	23,881	11,098
Clinical services	871,501	878,153
Life skills service	151,930	184,766
Transitional living program	109,983	113,299
Outdoor wilderness learning	430,470	401,769
Public relations and development	587,423	487,404
Capital expenditures	15,541	42,294
Changing attitudes and behavior program	1,940,067	1,906,904
Family plus	664,935	654,650
	<u>\$ 12,607,096</u>	<u>\$ 12,360,801</u>
Total expenses		
REVENUE (DEFICIENCY) OVER EXPENSES	<u>\$ (1,873,615)</u>	<u>\$ (1,817,424)</u>
NET ASSETS TRANSFERRED FROM OTHER FUNDS	<u>\$ 1,860,162</u>	<u>\$ 1,150,008</u>
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	<u>\$ (13,453)</u>	<u>\$ (667,416)</u>
CHANGE IN TEMPORARILY RESTRICTED ASSETS		
Net realized and unrealized gain (loss) on investments	<u>\$ (9,149)</u>	<u>\$ (8,869)</u>
INCREASE (DECREASE) IN RESTRICTED ASSETS	<u>\$ (9,149)</u>	<u>\$ (8,869)</u>
INCREASE (DECREASE) IN NET ASSETS	<u>\$ (22,602)</u>	<u>\$ (676,285)</u>
NET ASSETS AT BEGINNING OF YEAR	<u>1,318,027</u>	<u>1,994,312</u>
NET ASSETS AT END OF YEAR	<u>\$ 1,295,425</u>	<u>\$ 1,318,027</u>

The accompanying notes are an integral part of this statement.

**LOUISIANA UNITED METHODIST CHILDREN
AND FAMILY SERVICES, INC.**

**GENERAL OPERATING FUND
STATEMENTS OF CASH FLOWS
As of December 31, 2010 and 2009**

	<u>2010</u>	<u>2009</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from services	\$ 9,468,579	\$ 8,795,641
Cash received from contributions	1,833,686	1,298,124
Income from trust funds	115,118	97,889
Interest received	1,195	3,065
Dividends received	22,972	12,108
Miscellaneous receipts	229,965	270,803
Transfer from other funds	1,111,008	1,150,008
Cash paid to employees and suppliers	<u>(12,680,842)</u>	<u>(12,145,687)</u>
Net cash provided (used) by operating activities	<u>\$ 101,681</u>	<u>\$ (518,049)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	\$ (15,541)	\$ (42,294)
Endowment transfers	749,154	
Proceeds on sale of assets	<u>18,613</u>	
Net cash provided (used) in investing activities	<u>\$ 752,226</u>	<u>\$ (42,294)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>\$ 853,907</u>	<u>\$ (560,343)</u>
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>13,060</u>	<u>573,403</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 866,967</u>	<u>\$ 13,060</u>
RECONCILIATION OF CHANGES IN NET ASSETS TO CASH PROVIDED BY OPERATING ACTIVITIES		
Change in net assets	\$ (22,602)	\$ (676,285)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Loss on asset held for sale	83	
Uncollectible pledges and receivables	21,669	
Noncash donation of stock	(18,696)	
(Increase) Decrease in accounts receivable and pledges	838,416	(67,987)
(Increase) Decrease in prepaid expenses	25,890	(4,698)
(Increase) Decrease in inventory	(244)	16,665
(Increase) Decrease in anonymous trust	9,149	8,869
(Increase) Decrease in cash surrender value of life insurance	(14,424)	(15,029)
Increase (Decrease) in accounts payable and bank overdraft	(70,811)	143,646
Increase (Decrease) in accrued wages	53,826	22,196
Increase (Decrease) in retirement payable	13,038	12,280
Purchase of property and equipment	15,541	42,294
Transfer (from) other funds	<u>(749,154)</u>	
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 101,681</u>	<u>\$ (518,049)</u>
INTEREST PAID	<u>\$ 0</u>	<u>\$ 0</u>
INCOME TAXES PAID	<u>\$ 0</u>	<u>\$ 0</u>

The accompanying notes are an integral part of this statement.

**LOUISIANA UNITED METHODIST CHILDREN
AND FAMILY SERVICES, INC.**

**ENDOWMENT FUND
STATEMENTS OF FINANCIAL POSITION
As of December 31, 2010 and 2009**

ASSETS	<u>2010</u>	<u>2009</u>
Current Assets		
Cash and cash equivalents - Northern Trust - custodian	\$ 328,190	\$ 431,888
Accrued interest and dividends	<u>43,446</u>	<u>40,564</u>
Total current assets	<u>\$ 371,636</u>	<u>\$ 472,452</u>
Long-Term Investments		
Investments - Northern Trust - custodian	\$ 10,614,676	\$ 8,688,844
Investments - Capital One Bank - custodian	<u>17,893,627</u>	<u>15,102,387</u>
Total long-term investments	<u>\$ 28,508,303</u>	<u>\$ 23,791,231</u>
Total Assets	<u>\$ 28,879,939</u>	<u>\$ 24,263,683</u>
NET ASSETS		
Unrestricted	\$ 28,770,686	\$ 24,153,734
Temporarily restricted	9,253	9,949
Permanently restricted	<u>100,000</u>	<u>100,000</u>
Total Net Assets	<u>\$ 28,879,939</u>	<u>\$ 24,263,683</u>

The accompanying notes are an integral part of this statement.

**LOUISIANA UNITED METHODIST CHILDREN
AND FAMILY SERVICES, INC.**

**ENDOWMENT FUND
STATEMENTS OF ACTIVITIES
For The Years Ended December 31, 2010 and 2009**

	<u>2010</u>	<u>2009</u>
REVENUE		
Dividend income	\$ 200,151	\$ 179,878
Interest income	57,534	62,678
Settlement income	933	
Income from pooled funds	854,243	696,273
Realized and unrealized gain (loss) on investments	<u>1,668,929</u>	<u>3,487,804</u>
Total unrestricted revenue and support	<u>\$ 2,781,790</u>	<u>\$ 4,426,633</u>
NET ASSETS RELEASED FROM RESTRICTIONS		
Restrictions satisfied by payments	<u>\$ 4,605</u>	<u>\$ 0</u>
EXPENSES		
Management and custody fees	\$ 44,571	\$ 36,319
Foreign tax paid	<u>1,335</u>	<u>1,486</u>
Total expenses	<u>\$ 45,906</u>	<u>\$ 37,805</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>\$ 2,740,489</u>	<u>\$ 4,388,828</u>
OTHER CHANGES IN NET ASSETS		
Transfer to operating fund	\$ (1,111,008)	\$ (1,150,008)
Transfer from local investment fund (net)	<u>2,987,471</u>	<u>1,990,082</u>
CHANGE IN UNRESTRICTED NET ASSETS	<u>\$ 4,616,952</u>	<u>\$ 5,228,902</u>
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS		
Net realized and unrealized gain (loss) on investments	\$ 3,909	\$ 2,706
Net assets released from restrictions	<u>(4,605)</u>	<u>0</u>
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS	<u>\$ (696)</u>	<u>\$ 2,706</u>
CHANGE IN PERMANENTLY RESTRICTED NET ASSETS		
Net realized and unrealized gain (loss) on investments	\$	\$ 15,420
Transfer from local investment fund	<u>0</u>	<u>0</u>
CHANGE IN PERMANENTLY RESTRICTED NET ASSETS	<u>\$ 0</u>	<u>\$ 15,420</u>
CHANGE IN NET ASSETS	<u>\$ 4,616,256</u>	<u>\$ 5,247,028</u>
NET ASSETS BEGINNING OF YEAR	<u>24,263,683</u>	<u>19,016,655</u>
NET ASSETS END OF YEAR	<u>\$ 28,879,939</u>	<u>\$ 24,263,683</u>

The accompanying notes are an integral part of this statement.

**LOUISIANA UNITED METHODIST CHILDREN
AND FAMILY SERVICES, INC.**

**ENDOWMENT FUND
STATEMENTS OF CASH FLOWS
For The Years Ended December 31, 2010 and 2009**

	<u>2010</u>	<u>2009</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest received	\$ 54,241	\$ 46,915
Dividends and settlements received	201,495	166,103
Income from pooled funds	854,243	696,273
Transfers to operating fund	(1,111,008)	(1,150,008)
Cash paid to suppliers of services and taxes	<u>(45,906)</u>	<u>(37,805)</u>
Net cash provided (used) by operating activities	\$ <u>(46,935)</u>	\$ <u>(278,522)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of securities	\$ 3,343,451	\$ 3,452,673
Transfer (to) from local investment fund	2,987,471	1,990,082
Purchase of securities	<u>(6,387,685)</u>	<u>(5,010,840)</u>
Net cash (used) provided by investing activities	\$ <u>(56,763)</u>	\$ <u>431,915</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ (103,698)	\$ 153,393
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>431,888</u>	<u>278,495</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 328,190</u>	<u>\$ 431,888</u>
RECONCILIATION OF CHANGES TO NET ASSETS TO CASH PROVIDED BY OPERATING ACTIVITIES		
Changes in net assets	\$ 4,616,256	\$ 5,247,028
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
(Increase) Decrease in receivables	(2,882)	(29,538)
Net realized and unrealized loss (gains) on investments	(1,672,838)	(3,505,930)
Transfers from other funds	<u>(2,987,471)</u>	<u>(1,990,082)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ <u>(46,935)</u>	\$ <u>(278,522)</u>
INTEREST PAID	<u>\$ 0</u>	<u>\$ 0</u>
INCOME TAXES PAID	<u>\$ 0</u>	<u>\$ 0</u>

The accompanying notes are an integral part of this statement.

**LOUISIANA UNITED METHODIST CHILDREN
AND FAMILY SERVICES, INC.**

**LOCAL INVESTMENT FUND
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2010 AND 2009**

ASSETS	<u>2010</u>	<u>2009</u>
Current assets		
Cash and cash equivalents	\$ 3,932,868	\$ 3,522,262
Accounts receivable	566,912	737,146
Pledges receivable	60,422	63,250
Pledges receivable - Officers, Directors, and Employees	<u>6,000</u>	<u>5,000</u>
Total current assets	<u>\$ 4,566,202</u>	<u>\$ 4,327,658</u>
Long-term investments		
Stocks and bonds	\$ 23,100	\$ 23,100
Louise Briley Leake Trust Fund - temporarily restricted	681,776	654,881
Hattye Jordan Trust Fund - temporarily restricted	189,260	174,863
Lorraine Howard Property	462,035	462,035
R.D. Shelley Property	801	801
L.V. Lindingham Property	100	100
A.P. White Property	59,000	59,000
Georgia W. Peniston Trust Fund - temporarily restricted	<u>331,091</u>	<u>297,808</u>
Total long-term investments	<u>\$ 1,747,163</u>	<u>\$ 1,672,588</u>
Other assets		
Pledges receivable (net of allowance of \$4,763 and \$0, for 2010 and 2009, respectively)	\$ 153,967	\$ 90,784
Pledges receivable - Officers, Directors, and Employees	13,000	15,000
Utility deposits	<u>625</u>	<u>625</u>
Total other assets	<u>\$ 167,592</u>	<u>\$ 106,409</u>
Total assets	<u>\$ 6,480,957</u>	<u>\$ 6,106,655</u>
LIABILITIES		
Current liabilities		
Accounts payable	<u>\$ 58,121</u>	<u>\$ 434,692</u>
Total current liabilities	<u>\$ 58,121</u>	<u>\$ 434,692</u>
NET ASSETS		
Unrestricted	\$ 5,220,709	\$ 4,544,411
Temporarily restricted	<u>1,202,127</u>	<u>1,127,552</u>
	<u>\$ 6,422,836</u>	<u>\$ 5,671,963</u>
Total liabilities and net assets	<u>\$ 6,480,957</u>	<u>\$ 6,106,655</u>

The accompanying notes are an integral part of this statement.

**LOUISIANA UNITED METHODIST CHILDREN
AND FAMILY SERVICES, INC.**

**LOCAL INVESTMENT FUND
STATEMENTS OF ACTIVITIES
For The Years Ended December 31, 2010 and 2009**

	<u>2010</u>	<u>2009</u>
UNRESTRICTED REVENUE AND SUPPORT		
Loraine Howard Property (oil & gas, timber, rents)	\$ 4,446,263	\$ 1,784,424
R.D. Webb Property (oil & gas)	346,831	320,017
Shelley Property (oil & gas)	76,237	63,858
Other investment property	778	650
Trust Funds	12,495	15,325
Wills and bequests	886,842	553,706
Contributions and memorials		37,696
Contributions - employees and board		70,000
Interest income	6,570	2,935
Dividend income		11,605
Income from pooled funds	39,111	48,563
Gain (Loss) on sale of assets	<u>(4,045)</u>	<u>2,581</u>
Total unrestricted revenue and support	<u>\$ 5,811,082</u>	<u>\$ 2,911,360</u>
NET ASSETS RELEASED FROM RESTRICTIONS		
Restrictions satisfied by payments	<u>\$ 3,739,288</u>	<u>\$ 1,360,894</u>
EXPENSES		
Administrative and general	\$ 248,249	\$ 252,345
Capital expenses	<u>4,889,197</u>	<u>1,503,530</u>
Total expenses	<u>\$ 5,137,446</u>	<u>\$ 1,755,875</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>\$ 4,412,924</u>	<u>\$ 2,516,379</u>
OTHER CHANGES IN NET ASSETS		
Transfer (to) from Endowment Fund (Net)	<u>\$ (3,736,625)</u>	<u>\$ (1,990,082)</u>
Total other changes in net assets	<u>\$ (3,736,625)</u>	<u>\$ (1,990,082)</u>
CHANGE IN UNRESTRICTED NET ASSETS	<u>\$ 676,299</u>	<u>\$ 526,297</u>
CHANGE IN TEMPORARILY RESTRICTED ASSETS		
Net realized and unrealized gain in investments	\$ 74,574	\$ 121,485
Contributions	3,717,092	1,292,344
Contributions - employees and board	19,000	68,550
Private report & grant	3,196	
Net assets released from restrictions	<u>(3,739,288)</u>	<u>(1,360,894)</u>
CHANGE IN TEMPORARILY RESTRICTED ASSETS	<u>\$ 74,574</u>	<u>\$ 121,485</u>
CHANGE IN PERMANENTLY RESTRICTED ASSETS		
Contributions - board member	\$	\$
Transfer to Endowment Fund	<u></u>	<u></u>
CHANGE IN PERMANENTLY RESTRICTED ASSETS	<u>\$ 0</u>	<u>\$ 0</u>
INCREASE (DECREASE) IN NET ASSETS	<u>\$ 750,873</u>	<u>\$ 647,782</u>
NET ASSETS - BEGINNING OF YEAR	<u>5,671,963</u>	<u>5,024,181</u>
NET ASSETS - END OF YEAR	<u>\$ 6,422,836</u>	<u>\$ 5,671,963</u>

The accompanying notes are an integral part of this statement.

**LOUISIANA UNITED METHODIST CHILDREN
AND FAMILY SERVICES, INC.**

**LOCAL INVESTMENT FUND
STATEMENTS OF CASH FLOWS
For The Years Ended December 31, 2010 and 2009**

	<u>2010</u>	<u>2009</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from contributions, wills and bequests	\$ 5,083,875	\$ 1,291,635
Income from trust funds	12,495	15,325
Grant receipts	3,196	0
Interest received	6,570	2,935
Dividends and pooled funds	39,675	60,250
Receipts from investment properties	4,464,383	2,419,534
Cash paid to suppliers and utility deposits	<u>(620,059)</u>	<u>(266,352)</u>
Net cash provided by operating activities	<u>\$ 8,990,135</u>	<u>\$ 3,523,327</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Transfer (to) from Endowment Fund (Net)	\$ (3,736,625)	\$ (1,990,082)
Capital purchases for Plant Fund (Net)	(4,889,197)	(1,503,529)
Proceeds from sale of assets (Net)	<u>46,293</u>	<u>394,781</u>
Net cash used by investing activities	<u>\$ (8,579,529)</u>	<u>\$ (3,098,830)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>\$ 410,606</u>	<u>\$ 424,497</u>
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>3,522,262</u>	<u>3,097,765</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 3,932,868</u>	<u>\$ 3,522,262</u>
RECONCILIATION OF CHANGES TO NET ASSETS TO CASH PROVIDED BY OPERATING ACTIVITIES		
Change in net assets	\$ 750,873	\$ 647,782
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
(Gain) loss on sale of assets	4,044	(2,581)
Uncollectible pledges	4,763	0
Non cash donation of land and stock	(50,336)	(392,201)
(Increase) Decrease in receivables and promises to give	106,114	(519,016)
Realized and unrealized (gains) losses on investments	(74,574)	(121,485)
Transfer to (from) other funds	3,736,625	1,985,353
Purchase of property and equipment	4,889,197	1,508,259
Increase (Decrease) in accounts payable	<u>(376,571)</u>	<u>417,216</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 8,990,135</u>	<u>\$ 3,523,327</u>
INTEREST PAID	<u>\$ 0</u>	<u>\$ 0</u>
INCOME TAXES PAID	<u>\$ 0</u>	<u>\$ 0</u>

The accompanying notes are an integral part of this statement.

**LOUISIANA UNITED METHODIST CHILDREN
AND FAMILY SERVICES, INC.**

**GENERAL FIXED ASSETS
STATEMENTS OF FINANCIAL POSITION
As of December 31, 2010 and 2009**

ASSETS	<u>2010</u>	<u>2009</u>
Property and equipment		
Autos, trucks and buses	\$ 835,134	\$ 742,525
Tractors and ground equipment	216,300	202,883
Furniture, fixtures and equipment	2,402,483	2,168,685
Building and improvements	14,361,545	12,744,572
Land and land improvements	<u>963,601</u>	<u>963,601</u>
	\$ 18,779,063	\$ 16,822,266
Less: Accumulated depreciation	<u>(7,320,606)</u>	<u>(6,611,021)</u>
	<u>\$ 11,458,457</u>	<u>\$ 10,211,245</u>
Construction in progress	<u>\$ 4,087,548</u>	<u>\$ 1,163,140</u>
Total Assets	<u>\$ 15,546,005</u>	<u>\$ 11,374,385</u>
 INVESTMENT IN GENERAL FIXED ASSETS		
Fund balance - General fixed assets	<u>\$ 15,546,005</u>	<u>\$ 11,374,385</u>

The accompanying notes are an integral part of this statement.

**LOUISIANA UNITED METHODIST CHILDREN
AND FAMILY SERVICES, INC.**

**GENERAL FIXED ASSETS
STATEMENTS OF ACTIVITIES
For The Years Ended December 31, 2010 and 2009**

	<u>2010</u>	<u>2009</u>
EXPENSES		
Provision for depreciation	\$ 723,821	\$ 699,648
Loss on assets abandoned or sold	<u>9,297</u>	<u>4,766</u>
EXCESS OF EXPENSES OVER REVENUE	\$ (733,118)	\$ (704,414)
ACQUISITION OF PROPERTY AND EQUIPMENT WITH		
Transfers from other funds	4,904,738	1,550,553
Transfers to other funds		<u>(4,729)</u>
CHANGE IN NET ASSETS	\$ 4,171,620	\$ 841,410
NET ASSETS - BEGINNING OF YEAR	<u>11,374,385</u>	<u>10,532,975</u>
NET ASSETS - END OF YEAR	<u>\$ 15,546,005</u>	<u>\$ 11,374,385</u>

The accompanying notes are an integral part of this statement.

**LOUISIANA UNITED METHODIST CHILDREN
AND FAMILY SERVICES, INC.**

**GENERAL FIXED ASSETS
STATEMENTS OF CASH FLOWS
For The Years Ended December 31, 2010 and 2009**

	<u>2010</u>	<u>2009</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash transferred (to) other funds	\$ 0	\$ 0
Net cash provided (used) by operating activities	\$ 0	\$ 0
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of assets	\$ 0	\$ 0
Net cash provided by investing activities	\$ 0	\$ 0
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	\$ 0	\$ 0
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 0</u>	<u>\$ 0</u>
RECONCILIATION OF CHANGES IN NET ASSETS TO CASH PROVIDED BY OPERATING ACTIVITIES		
Change in net assets	\$ 4,171,620	\$ 841,410
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	723,821	699,648
Loss on assets abandoned or sold	9,297	4,766
Transfer (from) other funds	(4,904,738)	(1,550,553)
Transfer to other funds	<u>0</u>	<u>4,729</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 0</u>	<u>\$ 0</u>
INTEREST PAID	<u>\$ 0</u>	<u>\$ 0</u>
INCOME TAXES PAID	<u>\$ 0</u>	<u>\$ 0</u>

The accompanying notes are an integral part of this statement.

**LOUISIANA UNITED METHODIST CHILDREN
AND FAMILY SERVICES, INC.**

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Purpose

Louisiana United Methodist Children and Family Services, Inc. is a Louisiana non-profit corporation owned by the Louisiana Annual Conference of the United Methodist Church. All powers and authority of Louisiana United Methodist Children and Family Services, Inc. (the Organization) shall be vested in and exercised by a Board of Directors and the property, business, and affairs of the corporation shall be managed under the direction of the Board. The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

The Louisiana United Methodist Children and Family Services, Inc. (sometimes doing business as "The Louisiana Methodist Children's Home") seeks to minister to the diverse needs of Louisiana's children and families experiencing stress, brokenness, and other special circumstances. The Organization was formed for educational, eleemosynary, literary, scientific, and charitable objectives and purpose. The Organization develops, administers, and operates various residential and outpatient programs. These programs provide valuative, therapeutic, educational, recreational, and social services for the youth and their families.

The Organization receives a significant portion of its revenue from grants/contracts from government agencies; thus, the Organization is subject to possible cutbacks due to changes in funding priorities. During 2010 and 2009, the Organization received approximately 37 and 44 percent, respectively, of its gross public support from such grants/contracts.

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Codification 958, *Financial Statements for Not-for-Profit Organizations*. Under Accounting Standards Codification 958, the Organization 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. There were \$100,000 and \$100,000 of permanently restricted assets held as of December 31, 2010 and 2009, respectively.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Organization considers all unrestricted highly liquid investments with a maturity of six months or less to be cash and cash equivalents.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. This will affect the reported amounts of assets and liabilities, 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. Significant estimates include those assumed in valuing promises to give, the market values of investments, expected return on investments, estimated life expectancies, and the useful lives of depreciable assets. It is at least possible that the significant estimates will change within the next year.

Accounts Receivables

Louisiana United Methodist Children and Family Services, Inc. routinely grants clients and clients' families credit for their services. The Organization also receives pledges that represent receivables.

**LOUISIANA UNITED METHODIST CHILDREN
AND FAMILY SERVICES, INC.**

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

The policy for charging off uncollectible client service receivables is as follows: A monthly collection notice will be sent for two months with a follow-up call from the accounting bookkeeper in the second month. If the client account remains open for a third month a letter from the vice president is sent. If the child is in one of the residential programs this will jeopardize their continued placement unless it is for the safety of the child and a decision will be made by the Organization's administration with input from the treatment team. If an account is greater than \$1,500 a letter from the Organization's attorney will be sent to the family requesting payment with further legal action as needed. Accounts less than \$1,500 will be turned over to a collection agency. Debts for client care will be written off only when all reasonable attempts at recovery have been taken and it is not cost effective to continue the process.

The policy for charging off uncollectible pledge receivables is as follows: Contributors who make pledges will be sent reminders from the development department. If the pledge is not given in the time specified or within one year thereafter, the account will be recommended to the president/CEO of the Organization for write off.

An allowance for uncollectible related to services and cost reimbursement totaled \$22,035 and \$366 as of December 31, 2010 and 2009, respectively. Also, an allowance related to unconditional promise to give totaled \$100 and \$100 as of December 31, 2010 and 2009, respectively.

The president/CEO or his/her designee must approve all debts for write off after being satisfied that the recovery procedures have been complied with and that all reasonable attempts at recovery have been satisfied.

Donated Property and Services

Donated securities and property are recognized at fair market value at the time the assets are made available to the Organization. No amounts have been reflected in the financial statements for donated services. The Organization pays for most services requiring specific expertise.

Inventory

Purchased inventory is stated at cost. Donated inventory is stated at approximate fair market value at the time of donation.

Plant and Equipment

Fixed assets are recorded at cost if purchased or market value at time of donation. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets ranging from 3 to 50 years.

Contributions

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

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.

Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

**LOUISIANA UNITED METHODIST CHILDREN
AND FAMILY SERVICES, INC.**

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

The Organization primarily receives unrestricted contributions with the exception of certain bequests of future interest in testamentary trusts; these net assets are temporarily restricted by the donor until the trust matures at some future date and unconditional promises to give to be received in future periods.

Unconditional promises to give are recognized as revenues or gains in the period received as assets, decreases in 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.

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.

Costs are allocated between fund raising, management and general or the appropriate program based on evaluations of the related benefits. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Credit Risk

The Organization maintains cash accounts in various institutions with locations in Ruston, Louisiana. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2010 and 2009, the Organization's uninsured cash balances totaled \$2,595,289 and \$1,170,702 with \$2,663,938 and \$1,353,244 in securities purchased with an obligation to sale.

NOTE 2 - DEFINED CONTRIBUTION PLAN

The Louisiana United Methodist Children and Family Services, Inc. sponsors full-time employees with more than twenty-four (24) months of service in the Lay Employee's Pension Fund of the United Methodist Church whereby it matches the employee's 3% minimum contribution two for one for a total cost to the Corporation of 6% of participating employees' gross earnings. Contributions by the Organization totaled \$234,403 for 2010 and \$228,505 for 2009. The Organization also began funding the minister's retirement with the Louisiana Annual Conference during 2008. Contributions by the Organization totaled \$9,557 and \$9,557 during 2010 and 2009, respectively.

NOTE 3 - INVESTMENTS

The Organization's investments and certain cash and cash equivalents are held primarily by a national investment banking and financial services company and managed by an investment advisor in accordance with the terms of an investment advisory agreement.

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the statement of financial position. Pursuant to Accounting Standards Codification 958, Financial Statements of Not-For-Profit Organizations, gains and losses on investments are reported in the statement of activities as increases or decreases in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor stipulations or by law. Investments in unlisted securities where market is not readily attainable are carried at cost. A recap of such debt and equity securities is as follows:

**LOUISIANA UNITED METHODIST CHILDREN
AND FAMILY SERVICES, INC.**

NOTES TO FINANCIAL STATEMENTS

NOTE 3 - INVESTMENTS (Cont'd)

	<u>2010</u>	<u>2009</u>
Local Investment Fund		
Equity securities - cost	\$ 23,100	\$ 23,100
Net income for years - Local Investment Fund		
Interest	\$ 6,570	\$ 2,935
Dividends	<u>0</u>	<u>11,605</u>
	<u>\$ 6,570</u>	<u>\$ 14,540</u>

2010 INVESTMENTS
ENDOWMENT FUND

	<u>Cost Basis</u>	<u>Fair Market Basis</u>	<u>Unrealized Gain (Loss)</u>	<u>Weighted Current Yield</u>
<u>Argent Trust Company - Ruston, LA</u>				
Cash Equivalents	\$ 328,190	\$ 328,190		0.00 %
Mutual Funds				
Mutual Funds - Int'l Equity	\$ 993,652	\$ 1,149,316	\$ 155,664	1.01 %
Mutual Funds - Equity	888,204	1,156,575	268,371	3.76 %
Mutual Funds - Fixed Income	<u>1,210,713</u>	<u>1,331,278</u>	<u>120,565</u>	4.98 %
Total Mutual Funds	\$ 3,092,569	\$ 3,637,169	\$ 544,600	
Equities				
Common Stock	\$ 3,550,531	\$ 4,379,216	\$ 828,685	1.58 %
Foreign Equities	<u>365,598</u>	<u>504,157</u>	<u>138,559</u>	0.86 %
Total Equities	\$ 3,916,129	\$ 4,883,373	\$ 967,244	
	<u>Face Amount</u>			
Certificates of Deposit - Discover Bank	\$ 100,000	\$ 100,000	\$ 5,233	5.08 %
Corporate Bond - Comcast Corp	100,000	<u>98,957</u>	<u>12,067</u>	5.29 %
		\$ 198,957	\$ 216,257	\$ 17,300
U.S. GOVERNMENT SECURITIES				
FNMA @ 1.25% due 10/28/2014	100,000	99,944	98,063	(1,881)
FHLB @ 3.45% due 07/19/2019	400,000	400,000	398,250	(1,750)
US Treasury Infl IX N/B @ 2.5% due 01/15/2029	300,000	302,923	340,406	37,483
FNMA @ 3.10% due 09/03/2020	100,000	99,853	95,500	(4,353)
FHLM @ 3.25% due 09/28/2020	100,000	99,560	95,519	(4,041)
FHLM @ 4.00% due 07/27/2023	300,000	299,130	293,422	(5,708)
FHLM @ 4.00% due 08/28/2025	250,000	250,000	233,984	(16,016)
GNMA Pool #728921 @ 4.50% due 12/15/2024	304,916	<u>320,304</u>	<u>322,734</u>	<u>2,430</u>
Total fixed income securities		\$ 2,070,671	\$ 2,094,135	\$ 23,464
<u>The United Methodist Foundation of LA</u>				
Pooled Income Funds		\$ 20,162,525	\$ 17,893,626	\$ (2,268,899)
Endowment Fund Total Investments		<u>\$ 29,241,894</u>	<u>\$ 28,508,303</u>	<u>\$ (733,591)</u>
TOTAL STOCKS, BONDS, AND NOTES		<u>\$ 29,264,994</u>	<u>\$ 28,531,403</u>	<u>\$ (733,591)</u>

**LOUISIANA UNITED METHODIST CHILDREN
AND FAMILY SERVICES, INC.**

NOTES TO FINANCIAL STATEMENTS

NOTE 3 - INVESTMENTS (Cont'd)

**2009 INVESTMENTS
ENDOWMENT FUND**

<u>Argent Trust Company - Ruston, LA</u>	<u>Cost Basis</u>	<u>Fair Market Basis</u>	<u>Unrealized Gain (Loss)</u>	<u>Weighted Current Yield</u>
Cash Equivalents	\$ 431,888	\$ 431,888		0.00 %
Mutual Funds				
Mutual Funds - Int'l Equity	\$ 994,474	\$ 1,014,330	\$ 19,856	1.02 %
Mutual Funds - Equity	714,798	804,153	89,355	3.47 %
Mutual Funds - Fixed Income	1,156,413	1,208,615	52,202	5.24 %
Total Mutual Funds	\$ 2,865,685	\$ 3,027,098	\$ 161,413	
Equities				
Common Stock	\$ 2,776,412	\$ 3,305,546	\$ 529,134	1.54 %
Foreign Equities	366,607	435,910	69,303	2.84 %
Total Equities	\$ 3,143,019	\$ 3,741,456	\$ 598,437	
	<u>Face Amount</u>			
Certificates of Deposit - Discover Bank	\$ 100,000	\$ 100,000	\$ 106,326	4.98 %
Corporate Bond - Comcast Corp	100,000	98,555	106,158	5.53 %
		\$ 198,555	\$ 212,484	\$ 13,929
U.S. GOVERNMENT SECURITIES				
US Treasury Infl IX N/B @ 2.5% due 01/15/2029	300,000	303,199	321,773	18,574
FHLB @ 0.5% due 10/19/10	100,000	100,000	99,938	(62)
FNMA @ 2.5% due 07/29/2013	300,000	296,100	300,563	4,463
FNMA @ 3.26% due 04/30/2015	500,000	496,250	494,219	(2,031)
FNMA Step @ 4% due 07/29/2024	100,000	100,000	96,719	(3,281)
Federal Home Loan Bank Step 08/12/24 @ 4%	100,000	99,750	95,906	(3,844)
FHLB @ 2.8% 06/02/2014	300,000	300,000	298,688	(1,312)
Total fixed income securities	\$ 1,893,854	\$ 1,920,290	\$ 26,436	
<u>The United Methodist Foundation of LA</u>				
Pooled Income Funds	\$ 18,369,190	\$ 15,102,387	\$ (3,266,803)	1.75 %
Endowment Fund Total Investments	\$ 26,271,748	\$ 23,791,231	\$ (2,480,517)	
TOTAL STOCKS, BONDS, AND NOTES	\$ 26,294,848	\$ 23,814,331	\$ (2,480,517)	

	<u>2010</u>	<u>2009</u>
Net income (loss) for years - Endowment Fund		
Interest	\$ 57,534	\$ 62,678
Dividends and settlement income	201,084	179,878
Income from pooled funds	854,243	696,273
Realized and unrealized gains and losses	1,672,838	3,505,930
	\$ 2,785,699	\$ 4,444,759

Gross proceeds from the sale of securities amounted to \$3,343,451 and \$3,452,673 for the years ended December 31, 2010 and 2009, respectively.

**LOUISIANA UNITED METHODIST CHILDREN
AND FAMILY SERVICES, INC.**

NOTES TO FINANCIAL STATEMENTS

NOTE 3 - INVESTMENTS (Cont'd)

Local Investment Fund

In 1996, the Organization received a bequest from the Estate of Louise Briley Leake in the form of an interest in a testamentary trust whereby the income will be paid annually and the trust principal distributed to the Organization twenty-five (25) years from the death of the donor. The bequest was recorded at fair value. Annual changes in fair value are reported as unrealized gain or loss and an increase or decrease in temporarily restricted assets. This trust fund was valued at \$681,776 and \$654,881 for 2010 and 2009, respectively.

During 2000, the Organization received a bequest from the Estate of Hattye Jordan. The Hattye Recouley Jordan Charitable Remainder Unitrust has Capital One Bank as trustee and the Organization will receive the assets of the trust upon the death of a life recipient. The assets of the trust were valued based upon available market rates discounted for the life expectancy of the recipient. The market values of the trusts were \$293,720 and \$278,705 for 2010 and 2009, respectively, and the discounted values were \$189,260 and \$174,863 for 2010 and 2009, respectively.

On May 4, 1991, the Organization received a bequest from the Estate of Georgia Westbrook Peniston. The "Georgia Westbrook Peniston and Henry Denipham Peniston - Children's Home Scholarship Trust" has the JP Morgan Chase trust department as trustee. After two (2) special bequests of a time certain (which have been completed) there is one life recipient receiving \$1,000 per month. Upon the death of the life recipient the Organization will receive one-third (1/3) of the assets of the trust. The market values of the assets of this trust as of December 31, 2010 and 2009, were \$1,022,306 and \$927,099, respectively, and the discounted one-third (1/3) interest of the assets of the trust were \$331,091 and \$297,808, respectively.

The Organization records unrealized gains and losses of securities held by the various trusts in the Statement of Activities as increases or decreases in temporarily restricted net assets.

Other Information

Also, at the end of 2009, the United Methodist Foundation of Louisiana established a "Donor Advised Fund" in an account named "Methodist Home for Children New Orleans Endowment". The fund is a "temporarily restricted fund" of the United Methodist Foundation; with an annual distribution available for use to operate a children's home in the Greater New Orleans area.

If a new home is constructed in the Greater New Orleans area, eighty percent (80%) of the value of the fund can be distributed for construction costs. The remaining twenty percent (20%) should be retained as a "permanently restricted asset" of the United Methodist Foundation and the annual distribution will continue to be used for operational support of that Greater New Orleans home.

The market values of the assets of this account as of December 31, 2010 and 2009, were \$1,102,218 and \$661,624, respectively.

Operating Fund

During 2003, the Organization became a beneficiary of an Anonymous Charitable Lead Annuity Trust. Under the terms of the Trust the Organization will receive the sum of (\$2,500 quarterly) \$10,000 annually for ten (10) years. The gift has been discounted based upon the expected rate of return of 3.13%. The JP Morgan Chase trust department is the trustee. The total discounted value as of December 31, 2010 and 2009 was \$21,434 and \$30,583, respectively.

The Organization owns two (2) cash surrender value split dollar life insurance policies with Met Life. The policies were issued on the lives of two (2) officers of the Organization with current annual premiums of \$2,500 each paid with paid-up additional insurance surrendered. The original investments for each policy in paid-up additional insurance were \$70,000 and \$75,000, respectively. The increase in cash surrender value of life insurance for the years ended December 31, 2010 and 2009 were \$14,424 and \$15,029, respectively. The cash surrender values of the policies as of December 31, 2010 and 2009 were \$316,681 and \$302,257, respectively.

**LOUISIANA UNITED METHODIST CHILDREN
AND FAMILY SERVICES, INC.**

NOTES TO FINANCIAL STATEMENTS

NOTE 4 - CONCENTRATION REVENUES AND ACCOUNTS RECEIVABLE

Louisiana United Methodist Children and Family Services, Inc.'s residential treatment programs serve children primarily from Louisiana. Fees for these services are paid primarily by governmental agencies of Louisiana under contracts which the Organization executes annually. The Organization is reimbursed by the agencies for actual client days based on a per diem rate established in accordance with Louisiana law. The contracts may be terminated by either party with thirty (30) days notice and are subject to the availability and appropriation of federal and/or state funds. Revenue from this service totaled \$7,984,182 and \$7,931,572 for 2010 and 2009, respectively. Accounts receivable balances related to this activity of \$18,414 were over ninety (90) days past due.

Accounts receivable arise from the normal course of providing these services and are not secured. An allowance for uncollectible accounts of \$22,035 and \$366 for 2010 and 2009 respectively, has been provided for accounts receivable, and cost reimbursement receivables related to services.

Promises to give - temporarily restricted are receivables from donors who have in writing committed to contribute to the Organization. *Promises to give - temporarily restricted* are pledges temporarily restricted to purchase capital assets and renovate existing buildings and facilities. Pledges expected to be received within the next twelve (12) months are classified as current assets. All pledges are expected to be received within the next five (5) years.

The following is a five year schedule of anticipated collections of the pledges:

2011	\$	66,422
2012		63,347
2013		54,659
2014		35,576
2015		13,593

NOTE 5 - INVENTORY

Inventories as of December 31, 2010 and 2009, consists of salsa products produced at the Outdoor Wilderness Life Center at an approximate cost of \$14,025 and \$9,430, respectively. Clothing donated during September, 2008 at an approximate fair market value of \$40,546 and \$44,897, respectively. Total inventory reflected in the general operating fund totaled \$54,571 and \$54,327 as of December 31, 2010 and 2009, respectively.

NOTE 6 - PLANT AND EQUIPMENT

Fixed assets are recorded at cost if purchased, at market value at time of donation.

The major categories of fixed assets are as follows:

December 31, 2010

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Land and improvements	\$ 963,601	\$ (42,808)	\$ 920,793
Buildings and improvements	14,361,545	(4,935,050)	9,426,495
Furniture and fixtures	2,204,993	(1,503,705)	701,288
Office furniture and equipment	197,490	(191,400)	6,090
Automobiles, trucks and vans	835,134	(515,992)	319,142
Tractors and other equipment	216,300	(131,651)	84,649
Construction in progress	4,087,548		4,087,548
Totals	<u>\$ 22,866,611</u>	<u>\$ (7,320,606)</u>	<u>\$ 15,546,005</u>

Construction in progress consisted of the building project in Southwest Louisiana that was not completed as of December 31, 2010. The estimated cost to complete the project is \$257,850.

**LOUISIANA UNITED METHODIST CHILDREN
AND FAMILY SERVICES, INC.**

NOTES TO FINANCIAL STATEMENTS

NOTE 6 - PLANT AND EQUIPMENT (Cont'd)

December 31, 2009	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Land and improvements	\$ 963,601	\$ (39,405)	\$ 924,196
Buildings and improvements	12,744,572	(4,538,075)	8,206,497
Furniture and fixtures	1,971,195	(1,307,116)	664,079
Office furniture and equipment	197,490	(183,873)	13,617
Automobiles, trucks and vans	742,525	(423,537)	318,988
Tractors and other equipment	202,883	(119,015)	83,868
Construction in progress	<u>1,163,140</u>	<u></u>	<u>1,163,140</u>
Totals	<u>\$ 17,985,406</u>	<u>\$ (6,611,021)</u>	<u>\$ 11,374,385</u>

Construction in progress consisted of building project in Southwest Louisiana that was not completed as of December 31, 2009, and for a vocational-technical building that was not completed as of December 31, 2009.

The depreciation expense was \$723,821 and \$699,648 for the years ended December 31, 2010 and 2009, respectively.

The following is a summary of depreciable lives by category based on a straight-line method of depreciation:

Land and improvements	20 and 30 years
Building and improvements	5, 10, 15, 20, 25, 30, 40, and 50 years
Furniture and fixtures	3, 5, 10, 15, and 25 years
Office furniture and equipment	3, 5, 10, 15, and 25 years
Automobiles, trucks and vans	5 and 10 years
Tractors and other equipment	5 and 10 years

NOTE 7 - SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

Independent Living Services Program consists of two (2) contracts. Contract A is a nonmatching program with 100% reimbursement for personnel and related benefits cost. These costs are classified directly as independent living services expenditures in the financial statements. Contract B is a 50/50 matching program in which the organization is reimbursed for expenditures equal to its in-kind or cash contribution. These costs are allocated to independent living based on detailed ledgers maintained by the organization. These costs consist of allocated portions of administrative overhead, salaries and related benefits, travel, operating services supplies, professional services capital outlay, and miscellaneous. The organization does not reclassify these allocated portions as independent living services expenditures for financial statement purposes. Total revenue from this service totaled \$118,244 and \$186,502 for 2010 and 2009, respectively.

NOTE 7 - SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

The Child Abuse Counseling Program subgrant requires a 20% match and the Violence Prevention Program subgrant is a non-matching program with 100% reimbursement for personnel, related benefits, and contract services. Revenue from these programs totaled \$20,796 and \$20,796 for 2010 and 2009, respectively.

"Stimulus CVA Grant" was awarded during the year ended December 31, 2009, for \$34,552. This grant is a supplement to the Child Abuse Counseling Program. It has been awarded only for the fiscal year ended June 30, 2010, but was extended until December 31, 2010. Revenue from this program, during the year ended December 31, 2010 and 2009, was \$22,198 and \$12,331, respectively.

The Job Readiness/Skills Retention Program subgrant was awarded during the year ended December 31, 2010, for \$37,501. This grant is a non-matching program with 100% reimbursement for equipment, supplies, and other direct costs. Revenue from this program totaled \$35,097 for the year ended December 31, 2010.

**LOUISIANA UNITED METHODIST CHILDREN
AND FAMILY SERVICES, INC.**

NOTES TO FINANCIAL STATEMENTS

NOTE 8 - RELATED PARTY

Total contributions received from employees, officers, and board members of the organization totaled \$135,980 and \$104,271 during 2010 and 2009, respectively.

NOTE 9 - NET ASSETS - TEMPORARILY RESTRICTED

The balances of net assets - temporarily restricted consists of the following:

Operating Fund	<u>2010</u>	<u>2009</u>
Long-term investments		
Anonymous Charitable Lead Annuity Trust	\$ 21,434	\$ 30,583
Endowment Fund		
Long-term investments		
Pooled Funds	9,253	9,949
Local Investment Fund		
Long-term investments		
Leake Testamentary Trust	681,776	654,881
H.R. Jordan Charitable Reminder Trust	189,260	174,863
G.W. Peniston Home Scholarship Trust	<u>331,091</u>	<u>297,808</u>
Balances at year end	<u>\$ 1,232,814</u>	<u>\$ 1,168,084</u>

NOTE 10 - NET ASSETS - PERMANENTLY RESTRICTED

The balances of net assets - permanently restricted consists of the following:

	<u>2010</u>	<u>2009</u>
Endowment Fund		
Long-term investments		
Pooled funds	<u>\$ 100,000</u>	<u>\$ 100,000</u>
Balances at year end	<u>\$ 100,000</u>	<u>\$ 100,000</u>

These funds were contributed to establish a lecture series for the Organization. The income will fund the expenses of the lectures and the principal will not be expended. The income included in temporarily restricted fund was \$0 and \$1,208 for the years ended December 31, 2010 and 2009, respectively.

NOTE 11 - INCOME TAXES

The Organization has paid income taxes based upon income reported by 'S' Corporation earnings. Total income tax expense for the years 2010 and 2009 were \$536 and \$869, respectively, on income of \$4,576 and \$6,794, respectively.

**LOUISIANA UNITED METHODIST CHILDREN
AND FAMILY SERVICES, INC.**

NOTES TO FINANCIAL STATEMENTS

NOTE 12 - OPERATING LEASES

Southeast Louisiana Hospital

Effective September 15, 2008, the Louisiana United Methodist Children and Family Services, Inc. entered into a lease agreement with the State of Louisiana Department of Health and Hospitals (Southeast Louisiana Hospital) for buildings to be used for educational and social service purposes. The building known as "S and T Ward" (State ID 00785), located on the campus of Southeast Louisiana Hospital in Mandeville, Louisiana being a single story 13,764 square foot building and the land on which the building is located, including walkway, parking, and other improvements, consisting of 80,026 square feet totaling 1.84 acres. The building contains two (2) wards, "S" Ward with a capacity for ten (10) persons and "T" Ward which is made up of sections T1 and T2 with capacity for eight (8) persons each (for a total of twenty-six (26) beds). The lease of the building, land and improvements located on the Northeast corner of the campus of Southeast Louisiana

Hospital to the Organization, is for the purpose of providing supervised and structured twenty-four hour residential care to male and female youths in Department of Social Services, Office of Community Services custody.

The term of this lease shall be ten (10) years, with an option of the parties jointly to renew for up to an additional ten (10) years under the same terms and conditions.

Any contracts in conjunction with the development and construction on the property shall be subject to the provisions of LA R.S. 38:2211 et seq. Failure to begin use of the property as a twenty-four (24) hour residential facility within one (1) year from the effective date of the lease shall be grounds for termination of the lease. Also, failure of the Organization to continually use the leased premises for these purposes will be grounds for termination of the lease.

In consideration of the use of the leased premises, the Organization will compensate DHH/OMH/SELH the sum of \$142,683 per year paid in monthly payments of \$11,891 due and payable the first of each month. In addition, the Organization will provide two (2) residential beds and services for eligible youth referred by Southeast Louisiana Hospital Youth Services once the Organization begins using the leased premises as a twenty-four (24) hour residential facility. The value of these two (2) beds and services is estimated at \$115,215 annually. The Organization will also maintain a minimum amount of \$1,000,000 of comprehensive general liability insurance.

The Organization agrees that all development, construction, additions and improvements related to the Organization's use of the property and buildings that are made by the Organization shall become the property of DHH at the termination of the agreement.

Village North Apartments

Effective October 1, 2008, and ending on the last day of March 2009, the Organization rented four (4) apartments from Village North Apartments in Monroe, Louisiana at the rate of \$495 per month for two (2) apartments and \$565 per month for two (2) apartments. Upon execution of the contracts a \$300 deposit was also paid for each apartment.

These apartments are residential housing for residents involved in the "Transitional Living Program". Total rent expense was \$25,440 and \$26,912 for the years ended December 31, 2010 and 2009, respectively, related to these leases.

The following is a schedule of lease commitments for the next five years:

2011	\$	142,683
2012		142,683
2013		142,683
2014		142,683
2015		142,683

**LOUISIANA UNITED METHODIST CHILDREN
AND FAMILY SERVICES, INC.**

NOTES TO FINANCIAL STATEMENTS

NOTE 13 - RETIREMENT PAYABLE

During 2008, the Board of Directors approved the adoption of a salary contribution plan for two (2) key employees. The plan involves the payment of \$1,000 per month for each employee upon retirement for fifteen (15) years. The anticipated retirement dates of July 1, 2011, and July 1, 2012, were used to record the present value of the liability based on a six percent (6%) rate. As of December 31, 2010 the liabilities were \$115,566 and 108,528, respectively, and as of December 31, 2009, the liabilities were \$108,852 and \$102,528, respectively.

NOTE 14 - FAIR VALUE OF FINANCIAL INSTRUMENTS

The Organization uses the following methods and assumptions to estimate the fair value of each class of financial instruments for which it is practical to estimate such value:

CASH AND CASH EQUIVALENTS: For these instruments the carrying amount is a reasonable estimate of fair value.

INVESTMENT SECURITIES: For investment securities related to local companies the securities are recorded at cost. For investment securities with readily determinable fair values and all investments in debt securities are based upon quoted market prices, if available. If a quoted market value is not available, fair value is estimated using quoted market prices of similar products or pricing models.

TRUST FUNDS - TEMPORARILY RESTRICTED: For trust funds fair values are based upon quoted market prices, if available. If a quoted market value is not available, fair value is estimated using quoted market prices of similar products or pricing models adjusted for the Organization's ownership percentage.

CASH SURRENDER VALUE LIFE INSURANCE: For cash surrender value life insurance fair value is provided by the insurance company based upon surrender of the policy to the company. If a quoted market value is not available, fair value is estimated using quoted market prices of similar products or pricing models.

REAL ESTATE: For real estate purchased the carrying amount is cost. For real estate deemed to be purchased at less than fair market value, based on independent appraisal, it is carried at fair market value at the time of acquisition.

RETIREMENT PAYABLE: For retirement payable the fair values are based upon a calculated present value of the liability. The Organization's calculation assumes sum certain monthly payments beginning at anticipated future retirement dates at a discounted return rate.

The Organization has determined the estimated market value amounts by using available market information and commonly accepted valuation methodologies. However, considerable judgment is required in interpreting market data to develop the estimates of fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Organization could realize in a current market exchange. The use of different assumptions and/or estimation methodologies may have a material effect on the estimated values.

2010 Investments

	<u>Carrying Amount</u>	<u>Fair Value</u>
Financial Assets		
Cash and cash equivalents	\$ 5,128,025	\$ 5,128,025
Investments securities		
Stocks, bonds, and notes	28,508,303	28,508,303
Trust funds - temporarily restricted	1,223,561	1,223,561
Cash surrender value life insurance	316,681	316,681
Real estate	784,000	784,000
Financial liabilities		
Retirement payable	\$ 224,418	\$ 224,418

**LOUISIANA UNITED METHODIST CHILDREN
AND FAMILY SERVICES, INC.**

NOTES TO FINANCIAL STATEMENTS

NOTE 14 - FAIR VALUE OF FINANCIAL INSTRUMENTS (Cont'd)

The following are the major categories of assets and liabilities at fair value on a recurring basis during the year ended December 31, 2010, using quoted markets for identical assets (Level 1); significant other observable inputs (Level 2); and significant unobservable inputs (Level 3):

<u>Assets</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investment securities				
Stocks, bonds, and notes	\$	\$ 28,508,303	\$	\$ 28,508,303
Trust funds - temporarily restricted		1,223,561		1,223,561
Cash surrender value				
Life insurance		316,681		316,681
	<u>\$ 0</u>	<u>\$ 30,048,545</u>	<u>\$ 0</u>	<u>\$ 30,048,545</u>
<u>Liabilities</u>				
Retirement payable	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 224,418</u>	<u>\$ 224,418</u>

The retirement payable liability is recorded in the general operating fund:

Retirement payable, beginning	\$ 211,380
Increase in liability - employee benefits	13,038
Retirement payable, ending	<u>\$ 224,418</u>

The following are major categories of assets measured at fair value on a non-recurring basis during the year ended December 31, 2010, using quoted prices in active markets for identical assets (Level 1); significant other observable inputs (Level 2); and significant unobservable inputs (Level 3):

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Real Estate	<u>\$ 0</u>	<u>\$ 784,000</u>	<u>\$ 0</u>	<u>\$ 784,000</u>

Investment property including mineral rights, real estate, and closely held stocks are recorded at cost or fair market value at the date acquired. Property, plant and equipment are also measured at cost or fair market value at the date of acquisition net of depreciation.

2009 Investments

	<u>Carrying Amount</u>	<u>Fair Value</u>
Financial Assets		
Cash and cash equivalents	\$ 3,967,210	\$ 3,967,210
Investments securities		
Stocks, bonds, and notes	23,791,231	23,791,231
Trust funds - temporarily restricted	1,158,135	1,158,135
Cash surrender value life insurance	302,257	302,257
Real estate	784,000	784,000
Financial liabilities		
Retirement payable	\$ 211,380	\$ 211,380

**LOUISIANA UNITED METHODIST CHILDREN
AND FAMILY SERVICES, INC.**

NOTES TO FINANCIAL STATEMENTS

NOTE 14 - FAIR VALUE OF FINANCIAL INSTRUMENTS (Cont'd)

The following are the major categories of assets and liabilities at fair value on a recurring basis during the year ended December 31, 2009, using quoted markets for identical assets (Level 1); significant other observable inputs (Level 2); and significant unobservable inputs (Level 3):

<u>Assets</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investment securities				
Stocks, bonds, and notes	\$	\$ 23,791,231	\$	\$ 23,791,231
Trust funds - temporarily restricted		1,158,135		1,158,135
Cash surrender value				
Life insurance		302,257		302,257
	<u>\$ 0</u>	<u>\$ 25,251,623</u>	<u>\$ 0</u>	<u>\$ 25,251,623</u>
<u>Liabilities</u>				
Retirement payable	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 211,380</u>	<u>\$ 211,380</u>

The retirement payable liability is recorded in the general operating fund:

Retirement payable, beginning	\$ 199,100
Increase in liability - employee benefits	<u>12,280</u>
Retirement payable, ending	<u>\$ 211,380</u>

The following are major categories of assets measured at fair value on a non-recurring basis during the year ended December 31, 2009, using quoted prices in active markets for identical assets (Level 1); significant other observable inputs (Level 2); and significant unobservable inputs (Level 3):

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Real Estate	<u>\$ 0</u>	<u>\$ 784,000</u>	<u>\$ 0</u>	<u>\$ 784,000</u>

Investment property including mineral rights, real estate, and closely held stocks are recorded at cost or fair market value at the date acquired. Property, plant and equipment are also measured at cost or fair market value at the date of acquisition net of depreciation.

NOTE 15 - SUBSEQUENT EVENTS

On December 31, 2009, the Louisiana United Methodist Children and Family Services, Inc. adopted FASB ASC Topic 855, Subsequent Events. ASC 855 establishes general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. Specifically, it sets forth the period after the balance sheet date during which management of a reporting entity should evaluate events or transactions that may occur for potential recognition or disclosure in the financial statements, the circumstances under which an entity should recognize events or transactions occurring after the balance sheet date in its financial statements, and the disclosures that an entity should make about events or transactions that occurred after the balance sheet date. The adoption of ASC 855 had no impact on the Company's financial statements.

In accordance with ASC 855, the Louisiana United Methodist Children and Family Services, Inc. evaluated subsequent events through March 17, 2011, the date these financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.

**LOUISIANA UNITED METHODIST CHILDREN
AND FAMILY SERVICES, INC.
RUSTON, LOUISIANA**

**SUPPLEMENTARY DATA
DECEMBER 31, 2010 AND 2009**

**LOUISIANA UNITED METHODIST CHILDREN
AND FAMILY SERVICES, INC.**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2010**

<u>Federal Grants/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Program or Award Amount</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>
United States Administration for Children and Families, Department of Health and Human Services				
Louisiana Department of Social Services, Office of Community Services				
Independent Living Program (ended June 30, 2010)	93.674	\$ 127,000	\$ 57,144	\$ 55,363
Independent Living Program (ended June 30, 2011)-Amended	93.674	60,000	50,942	71,699
Educational Training and Vouchers Program (ended June 30, 2010)	93.599	45,000	10,158	24,697
United States Department of Justice Office of Justice Programs, Office for Victims of Crimes				
Louisiana Commission on Law Enforcement				
Job Readiness/Skills Retention (ended December 31, 2010)	16.540	\$ 37,501	\$ 35,097	\$ 54,394
Child Abuse Counseling Program (ended December 31, 2010)	16.575	20,796	20,796	20,796
Stimulus CVA Grant (ended December 31, 2010)	16.801	<u>34,552</u>	<u>22,198</u>	<u>22,229</u>
Total Federal Awards		<u>\$ 324,849</u>	<u>\$ 196,335</u>	<u>\$ 249,178</u>

**LOUISIANA UNITED METHODIST CHILDREN
AND FAMILY SERVICES, INC.**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2010**

1. General

The Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of Louisiana United Methodist Children and Family Services, Inc. The Organization did not pass through any of its federal awards to a subrecipient during the year.

2. Basis of Accounting

The Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting as contemplated under accounting principles generally accepted in the United States of America and which is the same basis of accounting used for presenting the financial statements. 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.

**LOUISIANA UNITED METHODIST CHILDREN
AND FAMILY SERVICES, INC.**

**GENERAL OPERATING FUND DETAIL
STATEMENTS OF ACTIVITIES
For The Years Ended December 31, 2010 and 2009**

	Location			Totals	
	Ruston	GNO	Southwest	2010	2009
REVENUE AND SUPPORT					
Contributions					
Contributions - undesignated	\$ 362,119	\$ 90,921	\$ 34,761	\$ 487,801	\$ 437,904
Memorials	245,407	1,310	22,483	269,200	207,246
Direct appeals	138,988	7,695	8,020	154,703	205,845
Sponsorships	316,209	2,079	645	318,933	100,825
Honorarium	39,293		17,248	56,541	70,372
Wilderness project donations	1,511			1,511	539
Circle of Friends	33,522			33,522	62,025
United Way and other grants	3,123			3,123	2,968
Contributions - non cash	15,716	2,980		18,696	5,408
Total contributions	\$ 1,155,888	\$ 104,985	\$ 83,157	\$ 1,344,030	\$ 1,093,132
Children's Home Offerings	\$ 100,311	\$ 75,084	\$ 0	\$ 175,395	\$ 215,703
Special Events	\$ 0	\$ 52,496	\$ 8,028	\$ 60,524	\$ 68,575
Child Care Support					
Child care support (TIPS)	\$ 3,006,868	\$ 958,280	\$ 0	\$ 3,965,148	\$ 3,838,994
Child care support (DOC)	876,163			876,163	973,301
Child care support (CAB)	2,985,896			2,985,896	2,963,761
Child care support (Private)	14,850			14,850	6,239
Alternate care	142,125			142,125	148,950
Total child care support	\$ 7,025,902	\$ 958,280	\$ 0	\$ 7,984,182	\$ 7,931,245
Independent Living Services (Federal Subgrants and Other)					
Independent Living Grants	\$ 108,086	\$ 0	\$ 0	\$ 108,086	\$ 120,899
Educational Training Voucher Program	10,158			10,158	65,603
Transitional Living Program	116,773			116,773	141,877
Total independent living	\$ 235,017	\$ 0	\$ 0	\$ 235,017	\$ 328,379
Federal Subgrants					
Child abuse counseling	\$ 20,796	\$ 0	\$ 0	\$ 20,796	\$ 20,796
Stimulus CVA Grant	22,198			22,198	12,331
Total federal subgrants	\$ 42,994	\$ 0	\$ 0	\$ 42,994	\$ 33,127
Family Plus - LA Conference Foundation Grant					
	\$ 258,773	\$ 0	\$ 0	\$ 258,773	\$ 204,520
Family Development Services					
Client fees	\$ 70,582	\$ 0	\$ 0	\$ 70,582	\$ 97,683
Evaluation fees					48
Psychiatrist fees	1,155			1,155	3,133
Training fees	1,430			1,430	4,160
United Way Grant	10,930			10,930	6,866
Other grants	360			360	1,300
Total family development	\$ 84,457	\$ 0	\$ 0	\$ 84,457	\$ 113,190

**LOUISIANA UNITED METHODIST CHILDREN
AND FAMILY SERVICES, INC.**

**GENERAL OPERATING FUND DETAIL
STATEMENTS OF ACTIVITIES
For The Years Ended December 31, 2010 and 2009**

	Location			Totals	
	Ruston	GNO	Southwest	2010	2009
REVENUE AND SUPPORT(Cont'd)					
Trust Funds					
Pomeroy Trust	\$ 19,296			\$ 19,296	\$ 24,274
R.J. Wilson Trust	6,955			6,955	6,695
Conference Fund Trusts	31,199	18,590		49,789	25,008
Leake Trust	26,725			26,725	30,612
Ed and Gladys Hurley Trust	2,000			2,000	2,000
Hearne Family Trust	10,353			10,353	6,800
Total trust funds	<u>\$ 96,528</u>	<u>\$ 18,590</u>	<u>\$ 0</u>	<u>\$ 115,118</u>	<u>\$ 95,389</u>
INTEREST AND DIVIDENDS	<u>\$ 24,653</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 24,653</u>	<u>\$ 14,457</u>
OUTDOOR WILDERNESS PROJECT INCOME	<u>\$ 139,136</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 139,136</u>	<u>\$ 156,412</u>
STATE APPROPRIATIONS (VOTECH)	<u>\$ 155,649</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 155,649</u>	<u>\$ 211,805</u>
GRANT INCOME	<u>\$ 60,952</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 60,952</u>	<u>\$ 27,871</u>
MISCELLANEOUS INCOME	<u>\$ 52,601</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 52,601</u>	<u>\$ 49,572</u>
TOTAL INCOME	<u>\$ 9,432,861</u>	<u>\$ 1,209,435</u>	<u>\$ 91,185</u>	<u>\$ 10,733,481</u>	<u>\$ 10,543,377</u>
EXPENSES					
Administrative and General					
Salaries	\$ 681,703	\$ 92,101	\$ 23,445	\$ 797,249	\$ 773,188
Payroll taxes	43,738	6,922	1,598	52,258	49,888
Employee benefits	137,250	5,946	2,539	145,735	145,559
Advertising and promotion					97
Dues and licenses	14,171	600	200	14,971	12,305
Insurance	184,388	73,231	50	257,699	250,336
Office supplies	19,793	3,728	546	24,067	17,727
Postage	12,060	2,092	259	14,411	11,306
Professional services	30,015	8,000		38,015	40,600
Lease expense		142,683		142,683	142,684
Legal expenses	675			675	406
Subscriptions	18			18	958
Telephone	38,791	4,426	1,023	44,240	40,292
In-service training	924	1,314		2,238	2,410
Travel and seminar	15,034	3,722	1,893	20,649	22,471
Miscellaneous	5,459	723	108	6,290	7,470
Office and equipment maintenance contracts	18,284	2,322	42	20,648	20,261
Accreditation	11,356			11,356	22,321
Banking and processing fees	5,174			5,174	3,952
Bad debt expense	21,919			21,919	1,046
Total administrative and general	<u>\$ 1,240,752</u>	<u>\$ 347,810</u>	<u>\$ 31,703</u>	<u>\$ 1,620,265</u>	<u>\$ 1,565,277</u>

**LOUISIANA UNITED METHODIST CHILDREN
AND FAMILY SERVICES, INC.**

**GENERAL OPERATING FUND DETAIL
STATEMENTS OF ACTIVITIES
For The Years Ended December 31, 2010 and 2009**

	Location			Totals	
	Ruston	GNO	Southwest	2010	2009
EXPENSES (Cont'd)					
Human Resources					
Salaries	\$ 98,066	\$	\$	\$ 98,066	\$ 94,233
Payroll taxes	7,248			7,248	6,906
Employee benefits	8,260			8,260	11,067
Advertising and promotion	3,095			3,095	1,053
Dues and licenses	270			270	303
Insurance	158,430			158,430	169,427
Office supplies	1,339			1,339	1,051
Training	621			621	479
Travel and seminar	1,197			1,197	497
Miscellaneous	2,685			2,685	3,489
Total human resources	\$ 281,211	\$ 0	\$ 0	\$ 281,211	\$ 288,505
Information Management					
Salaries	\$ 190,398	\$	\$	\$ 190,398	\$ 187,383
Payroll taxes	13,814			13,814	13,643
Employee benefits	27,343			27,343	25,598
Office supplies	2,683			2,683	3,960
Travel and seminar	3,489			3,489	882
Office equipment and maintenance	20,869			20,869	25,453
Miscellaneous	612			612	250
Total information management	\$ 259,208	\$ 0	\$ 0	\$ 259,208	\$ 257,169
Total Administrative and General	\$ 1,781,171	\$ 347,810	\$ 31,703	\$ 2,160,684	\$ 2,110,951
Plant Operation and Maintenance					
Salaries	\$ 193,225	\$ 34,078	\$ 7,831	\$ 235,134	\$ 195,622
Payroll taxes	13,854	2,567	714	17,135	14,284
Employee benefits	17,460	465	532	18,457	15,402
Contract for outside services	13,394			13,394	10,687
Maintenance - buildings & grounds	6,446	46	43	6,535	6,189
Repairs - buildings & grounds	79,465	(515)	52	79,002	89,031
Major repairs and replacements	3,878	949	198	5,025	10,505
Supplies	2,793	627	7,751	11,171	5,382
Utilities	278,551		3,081	281,632	311,598
Vehicle gas, oil and repairs	57,551	14,735	560	72,846	64,925
Miscellaneous	2,873	3,252	1,014	7,139	6,194
Total Plant Operation and Maintenance	\$ 669,490	\$ 56,204	\$ 21,776	\$ 747,470	\$ 729,819
Medical and Nursing					
Salaries	\$ 118,760	\$ 35,342	\$	\$ 154,102	\$ 142,460
Payroll taxes	8,582	2,398		10,980	10,276
Employee benefits	9,747	2,605		12,352	10,912
Medical service - routine res	970	1,711	65	2,746	12,927
Medical service - routine ESC-CAB	808			808	425
Medical service - routine child spec.	89			89	345
Medical supplies - res	8,882	5,005		13,887	17,848
Medical supplies - ESC	2,168			2,168	2,604
Medical supplies - child specific	1,737			1,737	1,301
Medical supplies - CAB	5,313			5,313	7,172
Employee drug screens	2,410	852	22	3,284	277
OSHA required vaccination	911	322	14	1,247	4,623
Psychiatrist - res	26,620	22,500		49,120	35,283
Psychiatrist - CAB	26,620			26,620	23,331
Other	1,526	207		1,733	1,765
Total Medical and Nursing	\$ 215,143	\$ 70,942	\$ 101	\$ 286,186	\$ 271,549

**LOUISIANA UNITED METHODIST CHILDREN
AND FAMILY SERVICES, INC.**

**GENERAL OPERATING FUND DETAIL
STATEMENTS OF ACTIVITIES
For The Years Ended December 31, 2010 and 2009**

EXPENSES (Cont'd)	Location			Totals	
	Ruston	GNO	Southwest	2010	2009
Dietary					
Salaries	\$ 163,079	\$	\$	\$ 163,079	\$ 210,031
Payroll taxes	12,248			12,248	15,275
Employee benefits	17,472			17,472	21,727
Food - res	177,377	1,311		178,688	168,300
Food - ESC	43,018			43,018	40,555
Food - Child Specific	21,616			21,616	20,416
Food - CAB	118,607			118,607	113,317
Food - special	16,340	1,623	188	18,151	16,989
Supplies	20,248	93		20,341	19,550
Miscellaneous	5,676			5,676	1,342
Total Dietary	\$ 595,681	\$ 3,027	\$ 188	\$ 598,896	\$ 627,502
Emergency Shelter Care					
Housekeeping					
Salaries	\$ 3,125	\$	\$	\$ 3,125	\$ 4,718
Payroll taxes	300			300	361
Employee benefits					50
Supplies & Other	4,736			4,736	6,349
Total housekeeping	\$ 8,161	\$ 0	\$ 0	\$ 8,161	\$ 11,478
Laundry and Linen					
Supplies	\$ 526	\$	\$	\$ 526	\$ 645
Linen and bedding	365			365	24
Total laundry and linen	\$ 891	\$ 0	\$ 0	\$ 891	\$ 669
Personal Client Needs					
Allowances	\$ 1,184	\$	\$	\$ 1,184	\$ 1,343
Personal hygiene	1,169			1,169	1,246
Clothing	2,531			2,531	5,129
Other	360			360	298
Total personal client needs	\$ 5,244	\$ 0	\$ 0	\$ 5,244	\$ 8,016
Therapeutic and Training					
Salaries - clerical	\$ 64,386	\$	\$	\$ 64,386	\$ 67,012
Salaries - child care worker	337,612			337,612	331,573
Payroll taxes	29,772			29,772	27,033
Employee benefits	41,410			41,410	30,045
Miscellaneous	5,594			5,594	4,293
Total therapeutic and training	\$ 478,774	\$ 0	\$ 0	\$ 478,774	\$ 459,956
Total Emergency Shelter Care	\$ 493,070	\$ 0	\$ 0	\$ 493,070	\$ 480,119
Child Specific					
Housekeeping					
Salaries	\$ 1,526	\$	\$	\$ 1,526	\$ 1,448
Payroll taxes	105			105	111
Supplies	1,756			1,756	1,725
Total housekeeping	\$ 3,387	\$ 0	\$ 0	\$ 3,387	\$ 3,284
Laundry and Linen Supplies	\$ 481	\$ 0	\$ 0	\$ 481	\$ 172
Personal Client Needs					
Allowances	\$ 1,401	\$	\$	\$ 1,401	\$ 1,342
Personal hygiene	1,023			1,023	1,156
Clothing	2,606			2,606	2,918
Other	180			180	134
Total personal client needs	\$ 5,210	\$ 0	\$ 0	\$ 5,210	\$ 5,550

**LOUISIANA UNITED METHODIST CHILDREN
AND FAMILY SERVICES, INC.**

**GENERAL OPERATING FUND DETAIL
STATEMENTS OF ACTIVITIES
For The Years Ended December 31, 2010 and 2009**

	Location			Totals	
	Ruston	GNO	Southwest	2010	2009
EXPENSES (Cont'd)					
Child Specific (Cont'd)					
Therapeutic and Training					
Salaries - child care	\$ 208,713	\$	\$	\$ 208,713	\$ 206,053
Payroll taxes	15,055			15,055	13,844
Employee benefits	6,439			6,439	1,443
Miscellaneous	2,241			2,241	2,051
Total therapeutic and training	\$ 232,448	\$ 0	\$ 0	\$ 232,448	\$ 223,391
Total Child Specific	\$ 241,526	\$ 0	\$ 0	\$ 241,526	\$ 232,397
Residential Group Care					
Housekeeping					
Supplies	\$ 24,005	\$ 780	\$	\$ 24,785	\$ 26,107
Linen and bedding	4,508			4,508	2,486
Total housekeeping	\$ 28,513	\$ 780	\$ 0	\$ 29,293	\$ 28,593
Personal Client Needs					
Allowance	\$ 13,238	\$ 3,498	\$	\$ 16,736	\$ 17,883
Personal hygiene	8,787	2,366		11,153	11,873
Miscellaneous	1,829	329		2,158	2,462
Clothing	26,389	3,919		30,308	43,127
Visitation and transportation	319			319	533
Total personal client needs	\$ 50,562	\$ 10,112	\$ 0	\$ 60,674	\$ 75,878
Therapeutic and Training					
Salaries - child care	\$ 1,053,281	\$ 599,463	\$	\$ 1,652,744	\$ 1,641,088
Payroll taxes	78,903	43,246		122,149	118,310
Employee benefits	34,964	35,763		70,727	54,618
Miscellaneous	6,777	15,553		22,330	12,632
Training	3,595	368		3,963	2,980
Total therapeutic and training	\$ 1,177,520	\$ 694,393	\$ 0	\$ 1,871,913	\$ 1,829,628
Recreational					
Supplies	\$ 704	\$ 154	\$	\$ 858	\$ 1,546
House activities fund	7,436	3,240		10,676	9,824
Total recreational	\$ 8,140	\$ 3,394	\$ 0	\$ 11,534	\$ 11,370
Total Residential Group Care	\$ 1,264,735	\$ 708,679	\$ 0	\$ 1,973,414	\$ 1,945,469
Recreational					
Salaries	\$ 179,207	\$	\$	\$ 179,207	\$ 173,171
Payroll taxes	13,149			13,149	12,791
Employee benefits	18,931			18,931	18,459
Supplies	5,471			5,471	7,813
Activities fund	3,984			3,984	818
Training	3,455			3,455	1,704
Miscellaneous	541			541	327
Summer trip	10,397			10,397	9,312
Golf tournament	7,906			7,906	3,221
Total Recreational	\$ 243,041	\$ 0	\$ 0	\$ 243,041	\$ 227,616
Educational Services					
Howard school					
Salaries	\$ 411,980	\$	\$	\$ 411,980	\$ 417,452
Payroll taxes	30,295			30,295	31,299
Employee benefits	45,790			45,790	45,876
School fees and tutorial	1,748			1,748	1,551
Supplies	18,956	5	245	19,206	19,656
Other	8,107			8,107	10,546
Total educational services	\$ 516,876	\$ 5	\$ 245	\$ 517,126	\$ 526,380

**LOUISIANA UNITED METHODIST CHILDREN
AND FAMILY SERVICES, INC.**

**GENERAL OPERATING FUND DETAIL
STATEMENTS OF ACTIVITIES
For The Years Ended December 31, 2010 and 2009**

EXPENSES (Cont'd)	Location			Totals	
	Ruston	GNO	Southwest	2010	2009
Drug Free/Violence Prevention Program					
Salaries	\$ 20,455	\$	\$	\$ 20,455	\$ 25,333
Payroll taxes	1,398			1,398	1,905
Supplies and employee benefits	2,297			2,297	465
Training	828			828	1,260
Total drug free/violence prevention program	\$ 24,978	\$ 0	\$ 0	\$ 24,978	\$ 28,963
Vocational Tech Program					
Salaries	\$ 108,801	\$	\$	\$ 108,801	\$ 81,052
Payroll taxes	7,337			7,337	6,027
Employee Benefits	12,762			12,762	2,035
Supplies	23,635			23,635	62,860
Repairs/maintenance	908			908	867
Travel	2,271			2,271	0
Telephone	1,469			1,469	977
Vehicle	1,704			1,704	1,119
Utilities	6,052			6,052	4,679
Stipends	10,830			10,830	8,165
Miscellaneous	2,505			2,505	1,272
JJDP expenses	24,225			24,225	0
Total vocational tech program	\$ 202,499	\$ 0	\$ 0	\$ 202,499	\$ 169,053
Total Education	\$ 744,353	\$ 5	\$ 245	\$ 744,603	\$ 724,396
Pastoral Care					
Salaries	\$ 40,249	\$	\$	\$ 40,249	\$ 39,477
Employee benefits	18,418			18,418	18,737
Housing allowance	14,400			14,400	14,400
Supplies	1,701			1,701	2,044
Activities	107			107	4
Training	154			154	22
Miscellaneous	42			42	279
Travel	527			527	1,165
Total Pastoral Care	\$ 75,598	\$ 0	\$ 0	\$ 75,598	\$ 76,128
Family Development Services					
Salaries	\$ 199,460	\$	\$	\$ 199,460	\$ 201,320
Payroll taxes	14,542			14,542	14,804
Employee benefits	26,532			26,532	21,465
Supplies	1,942			1,942	3,937
Professional services					5,749
Travel	452			452	1,867
Professional training	1,284			1,284	4,626
Miscellaneous	2,665			2,665	750
Total Family Development Services	\$ 246,877	\$ 0	\$ 0	\$ 246,877	\$ 254,518
Stimulus CVA Grant					
Salaries	\$ 22,229	\$	\$	\$ 22,229	\$ 9,794
Payroll taxes	1,652			1,652	0
Equipment					1,051
Supplies					253
Total Stimulus CVA Grant	\$ 23,881	\$ 0	\$ 0	\$ 23,881	\$ 11,098

**LOUISIANA UNITED METHODIST CHILDREN
AND FAMILY SERVICES, INC.**

**GENERAL OPERATING FUND DETAIL
STATEMENTS OF ACTIVITIES
For The Years Ended December 31, 2010 and 2009**

EXPENSES (Cont'd)	Location			Totals	
	Ruston	GNO	Southwest	2010	2009
Clinical Services					
Salaries	\$ 643,089	\$ 61,791	\$	\$ 704,880	\$ 712,284
Payroll taxes	46,735	4,327		51,062	51,229
Employee benefits	92,259	4,931		97,190	95,205
Therapeutic supplies	1,538			1,538	1,290
Training	6,745	24		6,769	6,054
Travel	5,871			5,871	6,420
Other	4,116	75		4,191	5,671
Total Clinical Services	\$ 800,353	\$ 71,148	\$ 0	\$ 871,501	\$ 878,153
Life Skills Services					
Salaries	\$ 94,832	\$	\$	\$ 94,832	\$ 91,723
Payroll taxes	6,891			6,891	6,662
Employee benefits	14,209			14,209	14,111
Incentive payment to clients					799
Travel and seminar	961			961	4,881
Supplies	9,845			9,845	11,169
Operation service equipment					966
Training meals	104			104	
Miscellaneous	216			216	79
Education register fee					150
Telephone	241			241	342
Education and training voucher	24,631			24,631	53,834
Housing rental					50
Total Life Skills Services	\$ 151,930	\$ 0	\$ 0	\$ 151,930	\$ 184,766
Transitional Living					
Salary	\$ 46,656	\$	\$	\$ 46,656	\$ 48,731
Payroll taxes	3,478			3,478	3,435
Employee benefits	2,289			2,289	4,093
Food	8,904			8,904	8,144
Laundry	1,443			1,443	1,306
Apartment expense	25,440			25,440	26,912
Transportation	4,306			4,306	3,430
Utilities	5,326			5,326	6,336
Other	12,141			12,141	10,912
Total Transitional Living	\$ 109,983	\$ 0	\$ 0	\$ 109,983	\$ 113,299
Outdoor Wilderness Learning					
Salaries	\$ 239,481	\$	\$	\$ 239,481	\$ 218,841
Payroll taxes	17,424			17,424	15,831
Employee benefits	23,114			23,114	25,331
Training and challenge course	8,529			8,529	3,633
Utilities	35,848			35,848	33,674
Supplies - O.W.L.	4,248			4,248	5,044
Supplies - farm	24,027			24,027	21,951
Equipment and building repairs	19,846			19,846	21,089
Hot house supplies	30,497			30,497	36,601
Miscellaneous	22,572			22,572	13,537
Veterinarian fees	4,884			4,884	6,237
Total Outdoor Wilderness Learning	\$ 430,470	\$ 0	\$ 0	\$ 430,470	\$ 401,769

**LOUISIANA UNITED METHODIST CHILDREN
AND FAMILY SERVICES, INC.**

**GENERAL OPERATING FUND DETAIL
STATEMENTS OF ACTIVITIES
For The Years Ended December 31, 2010 and 2009**

EXPENSES (Cont'd)	Location			Totals	
	Ruston	GNO	Southwest	2010	2009
Public Relations and Development					
Salaries	\$ 325,541	\$	\$	\$ 325,541	\$ 261,098
Payroll taxes	22,676			22,676	18,136
Employee benefits	33,594			33,594	30,005
Advertising	1,973			1,973	614
Supplies	4,902			4,902	3,591
Telephone	2,997			2,997	1,765
Web page	823			823	880
Printing - direct	50,386			50,386	46,735
Printing - offerings	8,498			8,498	9,247
Printing - special	35,712			35,712	22,823
Postage	44,426			44,426	42,527
Travel and seminar	17,049			17,049	11,454
Professional training	169			169	
Regional development activities	2,114			2,114	766
Special events	15,250			15,250	9,280
Miscellaneous	10,469			10,469	11,286
Grant proposals	10,844			10,844	12,250
Area breakfast programs					4,947
Total public relations and development	<u>\$ 587,423</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 587,423</u>	<u>\$ 487,404</u>
C. A. B. Program					
Housekeeping					
Salaries	\$ 21,187	\$	\$	\$ 21,187	\$ 20,736
Payroll taxes	1,278			1,278	1,553
Employee benefits	3,410			3,410	
Supplies	12,001			12,001	11,361
Linen and bedding	4,415			4,415	2,762
Total housekeeping	<u>\$ 42,291</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 42,291</u>	<u>\$ 36,412</u>
Personal client needs					
Allowance	\$ 7,051	\$	\$	\$ 7,051	\$ 7,030
Personal hygiene	3,623			3,623	4,858
Christmas and birthdays	990			990	737
Clothing	12,383			12,383	19,629
Miscellaneous	81			81	
Total personal client needs	<u>\$ 24,128</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 24,128</u>	<u>\$ 32,254</u>
Therapeutic and Training					
Salaries	\$ 1,649,863	\$	\$	\$ 1,649,863	\$ 1,644,124
Payroll taxes	123,926			123,926	121,056
Employee benefits	70,880			70,880	56,500
Supplies	5,762			5,762	6,868
Training	4,097			4,097	1,792
Activities	3,236			3,236	2,683
Miscellaneous	15,884			15,884	5,215
Total therapeutic and training	<u>\$ 1,873,648</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,873,648</u>	<u>\$ 1,838,238</u>
Total C. A. B. Program	<u>\$ 1,940,067</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,940,067</u>	<u>\$ 1,906,904</u>
Family Plus					
Baton Rouge region					
Salaries	\$ 38,985	\$	\$	\$ 38,985	\$ 38,456
Payroll taxes	2,758			2,758	2,887
Employee benefits	4,899			4,899	2,891
Miscellaneous	777			777	678
Supplies	358			358	843
Office expense	263			263	320
Telephone	5,026			5,026	5,200
Travel	3,399			3,399	3,690
Training	119			119	307
Total Baton Rouge region	<u>\$ 56,584</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 56,584</u>	<u>\$ 55,272</u>

**LOUISIANA UNITED METHODIST CHILDREN
AND FAMILY SERVICES, INC.**

**GENERAL OPERATING FUND DETAIL
STATEMENTS OF ACTIVITIES
For The Years Ended December 31, 2010 and 2009**

	Location			Totals	
	Ruston	GNO	Southwest	2010	2009
EXPENSES (Cont'd)					
Family Plus (Cont'd)					
Ruston Region					
Salaries	\$ 54,620	\$	\$	\$ 54,620	\$ 52,596
Payroll taxes	4,097			4,097	4,016
Employee benefits	3,208			3,208	3,500
Supplies	733			733	669
Telephone	3,195			3,195	2,492
Travel	4,403			4,403	5,157
Training	363			363	679
Miscellaneous	484			484	95
Total Ruston region	<u>\$ 71,103</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 71,103</u>	<u>\$ 69,204</u>
Monroe Region					
Salaries	\$ 154,598	\$	\$	\$ 154,598	\$ 154,232
Payroll taxes	10,536			10,536	10,344
Employee benefits	23,538			23,538	24,324
Miscellaneous	10,737			10,737	8,400
Supplies	1,199			1,199	1,255
Telephone	9,893			9,893	8,892
Travel	17,021			17,021	13,278
Training	525			525	1,400
Printing	158			158	
Consulting services	24,188			24,188	18,867
Total Monroe region	<u>\$ 252,393</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 252,393</u>	<u>\$ 240,992</u>
Natchitoches Region					
Salaries	\$ 6,000	\$	\$	\$ 6,000	\$ 4,856
Payroll taxes	459			459	371
Employee benefits					50
Miscellaneous	42			42	327
Supplies	109			109	3,791
Telephone	2,285			2,285	1,548
Travel					1,033
Total Natchitoches region	<u>\$ 8,895</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 8,895</u>	<u>\$ 11,976</u>
Shreveport Region					
Salaries	\$ 165,051	\$	\$	\$ 165,051	\$ 170,220
Payroll taxes	11,947			11,947	12,093
Employee benefits	12,157			12,157	8,532
Miscellaneous	6,997			6,997	7,882
Supplies	1,138			1,138	1,995
Telephone	9,337			9,337	9,197
Travel	15,157			15,157	18,586
Training	1,878			1,878	1,655
Consulting services	24,188			24,188	17,378
Total Shreveport region	<u>\$ 247,850</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 247,850</u>	<u>\$ 247,538</u>
Pineville Region					
Salaries	\$ 20,520	\$	\$	\$ 20,520	\$ 22,070
Payroll taxes	1,505			1,505	1,686
Employee benefits	1,570			1,570	1,456
Miscellaneous	112			112	379
Supplies	384			384	330
Telephone	1,664			1,664	2,112
Travel	2,355			2,355	1,635
Total Pineville region	<u>\$ 28,110</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 28,110</u>	<u>\$ 29,668</u>
Total Family Plus	<u>\$ 664,935</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 664,935</u>	<u>\$ 654,650</u>
Capital Expenditures					
Vehicles	\$	\$	\$	\$	\$ 34,515
Equipment and trailers	6,289			6,289	7,779
Furniture and fixtures	9,252			9,252	
Total Capital Expenditures	<u>\$ 15,541</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 15,541</u>	<u>\$ 42,294</u>
Total Expenses	<u>\$ 11,295,268</u>	<u>\$ 1,257,815</u>	<u>\$ 54,013</u>	<u>\$ 12,607,096</u>	<u>\$ 12,360,801</u>

**LOUISIANA UNITED METHODIST CHILDREN
AND FAMILY SERVICES, INC.**

**STATEMENT OF CHANGES IN GENERAL FIXED ASSETS
For The Year Ended December 31, 2010 and 2009**

December 31, 2010

	Land and Improvements	Buildings and Improvements	Construction in Progress	Autos Furniture and Equipment	Total
GENERAL FIXED ASSETS- BEGINNING OF YEAR	\$ 963,601	\$ 12,744,572	\$ 1,163,140	\$ 3,114,093	\$ 17,985,406
Transfers	\$ 0	\$ 1,550,619	\$ (1,550,619)	\$ 0	\$ 0
Additions					
General operating fund	\$	\$	\$	\$ 15,541	\$ 15,541
Local investment fund	\$	\$ 66,354	\$ 4,475,027	\$ 347,816	\$ 4,889,197
Total additions	\$ 0	\$ 66,354	\$ 4,475,027	\$ 363,357	\$ 4,904,738
Retirements					
General fixed assets	\$ 0	\$ 0	\$ 0	\$ (23,533)	\$ (23,533)
GENERAL FIXED ASSETS- END OF YEAR	<u>\$ 963,601</u>	<u>\$ 14,361,545</u>	<u>\$ 4,087,548</u>	<u>\$ 3,453,917</u>	<u>\$ 22,866,611</u>

December 31, 2009

	Land and Improvements	Buildings and Improvements	Construction in Progress	Autos Furniture and Equipment	Total
GENERAL FIXED ASSETS- BEGINNING OF YEAR	\$ 957,324	\$ 12,309,196	\$ 279,268	\$ 2,928,024	\$ 16,473,812
Transfers	\$ 0	\$ 274,648	\$ (274,648)	\$ 0	\$ 0
Additions					
General operating fund	\$	\$	\$	\$ 42,294	\$ 42,294
Local investment fund	\$ 6,277	\$ 161,088	\$ 1,158,520	\$ 182,374	\$ 1,508,259
Total additions	\$ 6,277	\$ 161,088	\$ 1,158,520	\$ 224,668	\$ 1,550,553
Retirements					
General fixed assets	\$ 0	\$ (360)	\$ 0	\$ (38,599)	\$ (38,959)
GENERAL FIXED ASSETS- END OF YEAR	<u>\$ 963,601</u>	<u>\$ 12,744,572</u>	<u>\$ 1,163,140</u>	<u>\$ 3,114,093</u>	<u>\$ 17,985,406</u>

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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**

To the Board of Directors of
Louisiana United Methodist Children
and Family Services, Inc.

We have audited the financial statements of the Louisiana United Methodist Children and Family Services, Inc. (a nonprofit organization) as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated March 17, 2011. We conducted our 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Louisiana United Methodist Children and Family Services, Inc.'s internal control over financial reporting as a basis for designing our auditing 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 the Louisiana United Methodist Children and Family Services, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Louisiana United Methodist Children and Family Services, Inc.'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 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Louisiana United Methodist Children and Family Services, Inc.'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 noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

To the Board of Directors of
Louisiana United Methodist Children
and Family Services, Inc.

March 17, 2011

This report is intended solely for the information and use of the audit committee, management, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

Robinson, Gardner, Langston, and Bryan, CPAs

Robinson, Gardner, Langston and Bryan, CPAs

March 17, 2011

**LOUISIANA UNITED METHODIST CHILDREN
AND FAMILY SERVICES, INC.**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2010**

We have audited the financial statements of the Louisiana United Methodist Children and Family Services, Inc. as of and for the year ended December 31, 2010, and have issued our report thereon dated March 17, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of December 31, 2010, resulted in an unqualified opinion.

Internal Controls Over Financial Reporting- Significant Deficiencies? Yes X No

Material Weakness(es) Identified? Yes X No

Noncompliance material to financial statements noted? Yes X No

**LOUISIANA UNITED METHODIST CHILDREN
AND FAMILY SERVICES, INC.**

**SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2009**

We have audited the financial statements of the Louisiana United Methodist Children and Family Services, Inc. as of and for the year ended December 31, 2009, and have issued our report thereon dated March 18, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of December 31, 2009, resulted in an unqualified opinion.

Internal Controls Over Financial Reporting- Significant Deficiencies? Yes No

Material Weakness(es) Identified? Yes No

Noncompliance material to financial statements noted? Yes No

**LOUISIANA UNITED METHODIST CHILDREN
AND FAMILY SERVICES, INC.
RUSTON, LOUISIANA**

**CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
SCHEDULE FOR LOUISIANA LEGISLATIVE AUDITOR
Year Ended December 31, 2010**

There were no findings in the current year audit for the year ended December 31, 2010, as described in the accompanying Schedule of Findings and Questioned Costs. There are no management letter comments for the current year audit for the year ended December 31, 2010.