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FRIENDS ALLIANCE FOR
THE MENTALLY ILL, INC.

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

Year Ended June 30, 2000

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 DEC 13 2000

FRIENDS ALLIANCE FOR
THE MENTALLY ILL, INC.

Year Ended June 30, 2000

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INDEPENDENT AUDITOR'S REPORT

Executive Director and Board of Directors
Friends Alliance for the Mentally Ill, Inc.
New Orleans, Louisiana

We have audited the accompanying consolidated statement of financial position of Friends Alliance for the Mentally Ill, Inc. (a Louisiana non-profit corporation) as of June 30, 2000, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the management of Friends Alliance for the Mentally Ill, Inc. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Friends Alliance for the Mentally Ill, Inc. as of June 30, 2000, and the changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued reports dated August 25, 2000 on our consideration of Friends Alliance for the Mentally Ill, Inc.'s internal control and on its compliance with laws and regulations.

Executive Director and Board of Directors
Friends Alliance for the Mentally Ill, Inc.

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 1999, from which the summarized information was derived.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplementary information is presented for additional analysis purposes, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Spilsbury, Hamilton, Legendre & Paciera

August 25, 2000

FRIENDS ALLIANCE FOR THE MENTALLY ILL, INC.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2000
(With Summarized Financial Information
at June 30, 1999)

	<u>2000</u>	<u>1999</u>
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Cash	\$ 52,942	\$ 67,133
Certificates of deposit	0	16,440
Investments	287,258	275,594
Due from State agencies	174,024	153,739
Due from affiliate	2,251	3,691
Prepaid expenses	12,058	6,710
Insurance receivable	<u>3,830</u>	<u>0</u>
<i>Total Current Assets</i>	<u>532,363</u>	<u>523,307</u>
<u>PROPERTY AND EQUIPMENT</u>		
Land	165,000	165,000
Building and improvements	927,135	925,035
Office furniture and equipment	65,736	65,055
Transportation equipment	67,630	74,150
Household equipment	24,971	24,971
Educational, recreational and cultural equipment	<u>1,237</u>	<u>1,237</u>
	1,251,709	1,255,448
Less: Accumulated depreciation	<u>199,377</u>	<u>203,257</u>
<i>Total Property and Equipment</i>	<u>1,052,332</u>	<u>1,052,191</u>
<u>OTHER ASSETS</u>		
Deferred loan fees, net of accumulated amortization of \$2,267	<u>5,691</u>	<u>7,825</u>
<i>Total Assets</i>	<u>\$1,590,386</u>	<u>\$1,583,323</u>

See accompanying notes to financial statements.

FRIENDS ALLIANCE FOR THE MENTALLY ILL, INC.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(Continued)
JUNE 30, 2000
(With Summarized Financial Information
at June 30, 1999)

	<u>2000</u>	<u>1999</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Accounts payable	\$ 11,194	\$ 49,563
Accrued expenses	29,500	0
Salaries payable	9,610	2,565
Interest payable	0	2,961
Due non-related working affiliate	40,000	0
Current maturities of long-term debt	<u>20,262</u>	<u>16,996</u>
<i>Total Current Liabilities</i>	<u>110,566</u>	<u>72,085</u>
<u>LONG-TERM DEBT</u>		
Non-current maturities	<u>426,602</u>	<u>447,445</u>
<u>OTHER LIABILITIES</u>		
Annuity payable	146,843	148,183
Deposits	<u>775</u>	<u>1,975</u>
<i>Total Other Liabilities</i>	<u>147,618</u>	<u>150,158</u>
<i>Total Liabilities</i>	<u>684,786</u>	<u>669,688</u>
<u>NET ASSETS</u>		
Temporarily restricted	104,998	103,658
Unrestricted	<u>800,602</u>	<u>809,977</u>
<i>Total Net Assets</i>	<u>905,600</u>	<u>913,635</u>
<i>Total Liabilities and Net Assets</i>	<u>\$1,590,386</u>	<u>\$1,583,323</u>

See accompanying notes to financial statements.

FRIENDS ALLIANCE FOR THE MENTALLY ILL, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2000
(With Summarized Financial Information
for the Year Ended June 30, 1999)

	<u>Unrestricted</u>
<u>SUPPORT, REVENUE AND GAINS</u>	
Support:	
Donations	\$ 9,829
Miscellaneous	<u>17,698</u>
<i>Total Support</i>	<u>27,527</u>
Revenue and Gains:	
Fees for services - OMH/JPHSA	1,027,710
Investment income	13,894
Dues	3,363
Change in split-interest agreements	0
Rental income	34,628
Gain on disposal of property and equipment	<u>1,200</u>
<i>Total Revenue and Gains</i>	<u>1,080,795</u>
<i>Total Support, Revenue and Gains</i>	<u>1,108,322</u>
<u>EXPENSES AND LOSSES</u>	
Program Services:	
Fairweather Lodge	51,065
Case management	52,668
Peer support	80,063
Housing	76,429
Employment	193,639
Drop-in Centers	77,252
Supported living	0
Newport Place	<u>13,813</u>
<i>Total Program Services</i>	<u>544,929</u>
Supporting Services:	
Medicaid and general	457,046
Trust and administrative	<u>115,722</u>
<i>Total Supporting Services</i>	<u>572,768</u>
Loss on disposal of property and equipment	<u>0</u>
<i>Total Expenses and Losses</i>	<u>1,117,697</u>
<u>INCREASE (DECREASE) IN NET ASSETS</u>	(9,375)
Net Assets - Beginning of Year	<u>809,977</u>
Net Assets - End of Year	<u>\$ 800,602</u>

See accompanying notes to financial statements.

<u>2000</u>		<u>1999</u>
<u>Temporarily</u>	<u>Total</u>	<u>Total</u>
<u>Restricted</u>		
\$ 0	\$ 9,829	\$ 14,175
<u>0</u>	<u>17,698</u>	<u>36,338</u>
<u>0</u>	<u>27,527</u>	<u>50,513</u>
0	1,027,710	1,114,784
0	13,894	8,511
0	3,363	645
1,340	1,340	3,888
0	34,628	28,299
<u>0</u>	<u>1,200</u>	<u>0</u>
<u>1,340</u>	<u>1,082,135</u>	<u>1,156,127</u>
<u>1,340</u>	<u>1,109,662</u>	<u>1,206,640</u>
0	51,065	47,402
0	52,668	47,952
0	80,063	87,947
0	76,429	80,100
0	193,639	268,176
0	77,252	69,216
0	0	3,936
<u>0</u>	<u>13,813</u>	<u>10,899</u>
<u>0</u>	<u>544,929</u>	<u>615,628</u>
0	457,046	441,766
<u>0</u>	<u>115,722</u>	<u>123,501</u>
<u>0</u>	<u>572,768</u>	<u>565,267</u>
<u>0</u>	<u>0</u>	<u>46,972</u>
<u>0</u>	<u>1,117,697</u>	<u>1,227,867</u>
1,340	(8,035)	(21,227)
<u>103,658</u>	<u>913,635</u>	<u>934,862</u>
<u>\$104,998</u>	<u>\$ 905,600</u>	<u>\$ 913,635</u>

FRIENDS ALLIANCE FOR THE MENTALLY ILL, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2000
(With Summarized Financial Information
for the Year Ended June 30, 1999)

	Program				
	Fair- weather Lodge	Case Manage- ment	Peer Support	Housing	Employ- ment
Advertising	\$ 270	\$ 189	\$ 360	\$ 270	\$ 1,778
Amortization	0	0	0	0	0
Bank charges	8	0	12	8	0
Depreciation	2,369	1,579	3,159	2,369	11,846
Dues and subscriptions	57	46	76	57	576
Field travel	0	3,661	6,077	1,385	4,654
Insurance	2,455	7,252	7,251	3,576	15,750
Interest	0	0	0	0	0
Maintenance and repairs	569	436	856	611	4,025
Miscellaneous	0	0	0	4,833	110
Office supplies	267	369	395	237	2,956
Other supplies	301	90	306	301	2,732
Payment to beneficiaries	0	0	0	0	0
Payroll taxes	2,900	2,502	3,943	4,165	8,917
Postage	83	73	125	83	601
Printing	122	42	162	122	2,076
Professional fees	1,037	642	1,412	1,067	5,154
Retirement	1,593	1,062	2,125	1,593	7,176
Salaries	37,880	32,731	51,592	54,387	116,494
Taxes and licenses	0	0	0	0	0
Telephone	551	1,431	1,163	723	4,335
Training	26	0	44	66	327
Utilities	577	563	1,005	576	4,132
<i>Total</i>	<u>\$51,065</u>	<u>\$52,668</u>	<u>\$80,063</u>	<u>\$76,429</u>	<u>\$193,639</u>

See accompanying notes to financial statements.

<u>Services</u>			<u>Supporting Services</u>	<u>Trust and Administration</u>	<u>Total 2000 Program and Supporting Services Expenses</u>	<u>Total 1999</u>
<u>Drop-in Centers</u>	<u>Newport Place</u>	<u>Total 2000</u>	<u>Medicaid and General</u>			
\$ 523	\$ 45	\$ 3,435	\$ 1,524	\$ 518	\$ 5,477	\$ 1,691
0	0	0	2,134	0	2,134	133
0	0	28	35	2,931	2,994	1,364
2,764	395	24,481	11,056	3,949	39,486	34,854
170	9	991	236	63	1,290	1,580
121	0	15,898	1,631	3,852	21,381	24,730
8,667	39	44,990	34,897	22,240	102,127	117,476
0	0	0	31,933	0	31,933	20,946
4,942	1,891	13,330	6,832	1,804	21,966	30,347
200	0	5,143	1,392	4,070	10,605	32,020
1,920	40	6,184	3,368	496	10,048	11,701
4,385	201	8,316	7,135	1,039	16,490	18,611
0	0	0	0	12,500	12,500	12,500
2,517	168	25,112	21,701	1,755	48,568	58,636
85	17	1,067	911	224	2,202	2,442
45	18	2,587	1,056	180	3,823	2,438
2,424	1,161	12,897	9,685	1,582	24,164	24,832
1,595	267	15,411	9,432	2,151	26,994	28,354
38,397	2,321	333,802	300,941	48,905	683,648	712,067
0	0	0	60	3,691	3,751	3,824
1,961	86	10,250	5,245	1,545	17,040	12,580
0	0	463	288	39	790	860
<u>6,536</u>	<u>7,155</u>	<u>20,544</u>	<u>5,554</u>	<u>2,188</u>	<u>28,286</u>	<u>26,909</u>
<u>\$77,252</u>	<u>\$13,813</u>	<u>\$544,929</u>	<u>\$457,046</u>	<u>\$115,722</u>	<u>\$1,117,697</u>	<u>\$1,180,895</u>

FRIENDS ALLIANCE FOR THE MENTALLY ILL, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2000
(With Summarized Financial Information
for the Year Ended June 30, 1999)

	<u>2000</u>	<u>1999</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Changes in net assets	\$(8,035)	\$(21,227)
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:		
Depreciation and amortization	41,620	34,987
Net (increase) decrease in receivables and prepaid expenses	(29,463)	24,801
Net increase (decrease) in accounts payable	(41,330)	18,340
Net increase (decrease) in accrued liabilities	36,545	(25,268)
Change in split-interest agreements	(1,340)	(3,888)
(Increase) in deferred loan fees	0	(7,958)
(Gain) loss on disposal of property and equipment	<u>(1,200)</u>	<u>46,972</u>
Net Cash Provided by (Used for) Operating Activities	<u>(3,203)</u>	<u>66,759</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Proceeds from redemption of certificate of deposit	16,440	0
Purchase of property and equipment	(40,827)	(98,645)
Net decrease in loans to affiliates	41,440	2,553
Proceeds from sale of property and equipment	0	167,783
Increase in deposit liabilities	0	1,975
Purchase of investments	(11,664)	(148,977)
Decrease in deposits	<u>1,200</u>	<u>0</u>
Net Cash Provided by (Used for) Investing Activities	<u>6,589</u>	<u>(75,311)</u>

See accompanying notes to financial statements.

FRIENDS ALLIANCE FOR THE MENTALLY ILL, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
(Continued)
YEAR ENDED JUNE 30, 2000
(With Summarized Financial Information
for the Year Ended June 30, 1999)

	<u>2000</u>	<u>1999</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Repayment of notes payable	\$(17,577)	\$(263,674)
Payments on amounts due to beneficiaries	0	(6,250)
Proceeds from issuance of notes payable	<u>0</u>	<u>255,000</u>
Net Cash (Used for) Financing Activities	<u>(17,577)</u>	<u>(14,924)</u>
Net (Decrease) in Cash	(14,191)	(23,476)
Cash at Beginning of Year	<u>67,133</u>	<u>90,609</u>
Cash at End of Year	<u>\$ 52,942</u>	<u>\$ 67,133</u>

Supplemental Disclosures of Cash Flow Information

Cash paid during the year for -

Interest	\$ <u>34,894</u>	\$ <u>19,432</u>
Income taxes	\$ <u>0</u>	\$ <u>0</u>

Non-Cash Investing and Financing Transactions -

Property improvements in exchange for note payable	\$ <u>0</u>	\$ <u>217,841</u>
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See accompanying notes to financial statements.

FRIENDS ALLIANCE FOR THE MENTALLY ILL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2000

A. Description of Organization

Business Activity

Friends Alliance for the Mentally Ill, Inc. ("Friends AMI"), is a non-profit organization which operates in the New Orleans Metropolitan Area. It has several "Fees for Services" contracts with the Louisiana Office of Mental Health and also receives other funding from dues and donations. The Organization is dedicated to creating an environment to help individuals who have been socially and vocationally disabled by mental illness to achieve or regain the confidence and skills to live vocationally productive and socially satisfying lives.

The Charitable Remainder Annuity Trust ("Trust") was formed on December 19, 1997. The principal beneficiary of this trust is Friends AMI and the Executive Director serves as the Trustee.

B. Summary of Significant Accounting Policies

Basis of Consolidation

The consolidated financial statements include the accounts of Friends AMI and the Trust. All significant inter-Company transactions have been eliminated.

Basis of Accounting

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

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, Friends AMI 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.

FRIENDS ALLIANCE FOR THE MENTALLY ILL, INC.
NOTES TO FINANCIAL STATEMENTS
(Continued)
JUNE 30, 2000

Summary of Significant Accounting Policies (Cont'd)

Estimates

Friends AMI uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

Friends AMI considers all investment instruments purchased with an original maturity of three months or less to be cash equivalents.

Property and Equipment

Friends AMI capitalizes all expenditures for property and equipment in excess of \$500. Purchased property and equipment are carried at cost; donated property and equipment are carried at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method.

Net Assets

Net assets are included in one of the following three classes of net assets, depending on the presence and type of donor-imposed restrictions.

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

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

Permanently Restricted Net Assets - Net assets subject to State-imposed stipulations that resources be maintained permanently, but permits the organization to use up the economic benefit derived from these assets.

Medicaid

Friends AMI receives Medicaid funding under a fixed price arrangement. These amounts are specifically excluded from OMB Circular A-133 audit requirements. Medicaid funds totaling \$375,199 were received in 2000 and are included in program service fees.

FRIENDS ALLIANCE FOR THE MENTALLY ILL, INC.
NOTES TO FINANCIAL STATEMENTS
(Continued)
JUNE 30, 2000

Summary of Significant Accounting Policies (Cont'd)

Expense Allocation

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

Investments

Under SFAS No. 124, investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the Consolidated Statement of Financial Position. Unrealized gains and losses are included in the changes in unrestricted or temporarily restricted net assets, depending on whether or not there are donor-imposed restrictions on the gains and losses.

Income Taxes

Friends AMI is exempt from Federal income tax under provisions of Section 501(c)(3) of the Internal Revenue Code, and is listed in the Treasury's charitable contribution directory.

C. Investments

Investments in equity securities with readily determinable fair market values and all investments in debt securities are stated at fair value, which is based on quoted market prices for those investments.

At June 30, 2000, investments held by Friends AMI consisted of a Government Money Market Fund valued at \$284,258, and a \$3,000 work of art which is to be auctioned in the next fiscal year.

Interest income on the investments for the year ended June 30, 2000, classified as *Unrestricted* in the *Consolidated Statement of Activities*, was \$13,894.

FRIENDS ALLIANCE FOR THE MENTALLY ILL, INC.
 NOTES TO FINANCIAL STATEMENTS
 (Continued)
JUNE 30, 2000

D. Due from State Agencies

Due from State Agencies at June 30, 2000 is summarized as follows.

Office of Human Services,	\$101,081
Division of Mental Health	72,943
Medicaid	<u>72,943</u>
<i>Total</i>	<u>\$174,024</u>

Management considers all receivables for the year ended June 30, 2000 to be collectible; accordingly, no allowance for doubtful accounts was provided.

E. Due from Affiliate

Friends AMI is owed monies from Friends Alliance Housing, Inc., an affiliated corporation. At June 30, 2000, the amount receivable was \$2,251 for management fees. These funds are non-interest-bearing and have no repayment terms.

F. Property and Equipment

The related lives and accumulated depreciation for each category of assets is as follows:

<u>Asset</u>	<u>Life</u>	<u>Accumulated Depreciation</u>
Building and improvements	7 - 30 years	\$104,202
Office furniture and equipment	5 - 10 years	47,993
Transportation equipment	5 years	36,497
Household equipment	5 - 7 years	9,448
Educational, recreational, and cultural equipment	7 years	<u>1,237</u>
		<u>\$199,377</u>

Movable property with a cost of \$125,119 and a zero book value has been acquired with State grant funds, and has been capitalized as a component of property and equipment. Title and disposition control over such assets rests with the State of Louisiana. Accordingly, there are no permanently restricted net assets at June 30, 2000.

G. Long-term Debt

Friends AMI's obligations under mortgages, notes payable and lease obligations consist of the following.

FRIENDS ALLIANCE FOR THE MENTALLY ILL, INC.
 NOTES TO FINANCIAL STATEMENTS
 (Continued)
 JUNE 30, 2000

Long-term Debt (Cont'd)

On February 3, 1999, Friends AMI entered into a refinancing agreement on all its properties. The financing was provided by Whitney National Bank in the amount of \$255,000, with interest at 7.5% per annum. The note is payable in 59 monthly installments of \$2,379, with a final installment in the amount of the remaining unpaid balance on July 3, 2004. The outstanding balance on this loan at June 30, 2000 was \$235,158.

In addition, on February 3, 1999, Friends AMI entered into a construction loan agreement (non-revolving line of credit) with a principal amount of \$219,092. During the construction period, interest accrued at the Wall Street Journal prime. On July 3, 1999, the aggregate principal amount was converted to an amortizing loan and bears interest at 7.5% per annum. This loan is payable in 59 monthly installments of principal and interest of \$2,045, with a final installment in the amount of the remaining unpaid balance on July 3, 2004. The outstanding balance on this loan at June 30, 2000 was \$211,706.

Both loans are secured by a collateral mortgage in the amount of \$750,000 on the following properties:

1. 3624 Florida Avenue, Kenner, LA.
2. 2051 Eighth Street, Harvey, LA.
3. 1538 Louisiana Avenue, New Orleans, LA.

Following is the schedule of future maturities of long-term debt.

Year ended June 30,	
2001	\$ 20,262
2002	21,835
2003	23,530
2004	209,799
2005	<u>171,438</u>
	<u>\$446,864</u>

H. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes:

Restricted for life of donor: Charitable remainder trust	<u>\$104,998</u>
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FRIENDS ALLIANCE FOR THE MENTALLY ILL, INC.
NOTES TO FINANCIAL STATEMENTS
(Continued)
JUNE 30, 2000

I. Annuity Payable

Friends AMI has entered into a gift annuity agreement whereby it accepted a donation and in return agreed to pay a fixed amount on a quarterly basis until the annuitant's death. A liability of \$146,843 has been recorded for the present value of the expected payout, based on life expectancy. Assets held in the charitable remainder trust totaled \$257,367 at June 30, 2000, and are reported at fair market value in the Organization's *Statement of Financial Position*.

The present value of estimated future payments is calculated using a discount rate of 5% and applicable mortality tables.

J. Concentration of Credit Risk/Major Customers

Contracts with the State of Louisiana and Jefferson Parish, all of which are renewable annually, totaled \$652,511, or approximately 63% of service fee income.

Funds received from Medicaid totaled \$375,199, or approximately 37% of service fee income.

At June 30, 2000, unsecured receivables from these agencies totaled \$174,024. Financial instruments that potentially subject Friends AMI to credit risk include these accounts receivable.

Friends AMI extends unsecured credit to the State of Louisiana. Financial instruments that potentially subject Friends AMI to credit risk include these accounts, which are shown as *Due from State Agencies*.

K. Retirement Plan

Friends AMI offers a 401(k) plan to its employees. Employees electing to participate in the plan may elect to defer up to a maximum of 15% of compensation. The plan allows Friends AMI to make a discretionary match.

Friends AMI contributed \$26,994 to the retirement plan for the year ended June 30, 2000.

L. Contingencies

Friends AMI is a defendant in a civil action. Friends AMI intends to vigorously defend this action which it considers groundless. The ultimate resolution of this matter is not ascertainable at this time. No provision has been made in the financial statements related to this claim.

SUPPLEMENTARY INFORMATION

FRIENDS ALLIANCE FOR THE MENTALLY ILL, INC.
SCHEDULE OF ACTIVITIES - BY BRANCH
YEAR ENDED JUNE 30, 2000

	<u>Region I</u>	<u>Region X</u>		<u>Newport Place</u>	<u>Total</u>
	<u>Uptown Friend- Ship Club</u>	<u>West Bank Friend- ship Club</u>	<u>East Bank Drop-in Center</u>		
<u>SUPPORT, REVENUE AND GAINS</u>					
Support:					
Donations	\$ 6,327	\$ 2,442	\$ 1,060	\$ 0	\$ 9,829
Miscellaneous	13,330	4,171	197	0	17,698
Revenue and Gains:					
Fees for services	634,725	320,688	72,297	0	1,027,710
Investment income	9,865	3,890	139	0	13,894
Dues	2,388	942	33	0	3,363
Change in split- interest agreements	951	375	14	0	1,340
Rental income	0	0	0	34,628	34,628
Gain on disposal of property and equipment	<u>852</u>	<u>336</u>	<u>12</u>	<u>0</u>	<u>1,200</u>
Total Support, Revenue and Gains	<u>668,438</u>	<u>332,844</u>	<u>73,752</u>	<u>34,628</u>	<u>1,109,662</u>
<u>EXPENSES</u>					
Advertising	3,612	1,266	554	45	5,477
Amortization	2,134	0	0	0	2,134
Bank charges	2,042	780	28	144	2,994
Depreciation	27,877	8,150	3,064	395	39,486
Dues and subscriptions	770	332	179	9	1,290
Field travel	18,461	2,542	378	0	21,381
Insurance	69,943	23,508	8,637	39	102,127
Interest	31,933	0	0	0	31,933
Maintenance and repairs	12,279	3,228	4,568	1,891	21,966
Miscellaneous	9,208	1,175	222	0	10,605
Office supplies	5,296	2,870	1,842	40	10,048
Other supplies	8,842	3,441	4,006	201	16,490
Payments to beneficiaries	0	0	0	12,500	12,500
Payroll taxes	33,228	12,494	2,678	168	48,568
Postage	1,489	589	107	17	2,202
Printing	3,286	374	145	18	3,823
Professional fees	14,535	6,061	2,407	1,161	24,164
Retirement	18,440	6,503	1,784	267	26,994
Salaries	461,415	179,809	40,103	2,321	683,648
Taxes and licenses	2,681	1,033	37	0	3,751
Telephone	11,642	3,354	1,958	86	17,040
Training	634	139	17	0	790
Utilities	<u>10,261</u>	<u>4,890</u>	<u>5,980</u>	<u>7,155</u>	<u>28,286</u>
Total Expenses	<u>750,008</u>	<u>262,538</u>	<u>78,694</u>	<u>26,457</u>	<u>1,117,697</u>
INCREASE (DECREASE) IN NET ASSETS	<u>\$ (81,570)</u>	<u>\$ 70,306</u>	<u>\$ (4,942)</u>	<u>\$ 8,171</u>	<u>\$ (8,035)</u>

FRIENDS ALLIANCE FOR THE MENTALLY ILL, INC.
 SCHEDULE OF ACTIVITIES - BY BRANCH
 YEAR ENDED JUNE 30, 1999

	Region I	Region X		Newport Place	Total
	Uptown Friend- Ship Club	West Bank Friend- ship Club	East Bank Drop-in Center		
SUPPORT AND REVENUE					
Support:					
Donations	\$ 11,025	\$ 2,800	\$ 350	\$ 0	\$ 14,175
Miscellaneous	26,700	8,271	1,367	0	36,338
Revenue:					
Fees for services	687,522	341,646	85,616	0	1,114,784
Investment income	6,043	2,383	85	0	8,511
Dues	645	0	0	0	645
Change in split- interest agreements	2,760	1,089	39	0	3,888
Rental income	<u>0</u>	<u>0</u>	<u>0</u>	<u>28,299</u>	<u>28,299</u>
<i>Total Support and Revenue</i>	<u>734,695</u>	<u>356,189</u>	<u>87,457</u>	<u>28,299</u>	<u>1,206,640</u>
EXPENSES AND LOSSES					
Advertising	1,106	547	38	0	1,691
Amortization	133	0	0	0	133
Bank charges	968	382	14	0	1,364
Depreciation	16,416	6,781	7,376	4,281	34,854
Dues and subscriptions	849	486	245	0	1,580
Field travel	17,625	6,732	373	0	24,730
Insurance	80,796	28,638	8,042	0	117,476
Interest	16,790	4,146	10	0	20,946
Loss on disposal of property and equipment	33,350	13,152	470	0	46,972
Maintenance and repairs	18,092	5,911	3,597	2,747	30,347
Miscellaneous	27,564	3,249	729	478	32,020
Office supplies	8,438	2,618	645	0	11,701
Other supplies	9,152	4,968	4,491	0	18,611
Payments to beneficiaries	8,875	3,500	125	0	12,500
Payroll taxes	38,655	16,862	3,119	0	58,636
Postage	1,768	638	36	0	2,442
Printing	1,717	655	66	0	2,438
Professional fees	15,849	6,075	2,815	93	24,832
Retirement	19,489	7,951	914	0	28,354
Salaries	468,048	209,384	34,635	0	712,067
Taxes and licenses	2,715	1,071	38	0	3,824
Telephone	6,711	4,283	1,586	0	12,580
Training	733	85	42	0	860
Utilities	<u>12,737</u>	<u>5,158</u>	<u>5,714</u>	<u>3,300</u>	<u>26,909</u>
<i>Total Expenses and Losses</i>	<u>808,576</u>	<u>333,272</u>	<u>75,120</u>	<u>10,899</u>	<u>1,227,867</u>
INCREASE (DECREASE) IN NET ASSETS	<u>\$ (73,881)</u>	<u>\$ 22,917</u>	<u>\$12,337</u>	<u>\$17,400</u>	<u>\$ (21,227)</u>

FRIENDS ALLIANCE FOR THE MENTALLY ILL, INC.
 SCHEDULE OF ACTIVITIES - BY PROGRAM
 YEAR ENDED JUNE 30, 2000

	<u>Uptown Friendship Club</u>	<u>West Bank Friendship Club</u>	<u>Fair- weather Lodge</u>	<u>Case Management</u>
<u>SUPPORT, REVENUE AND GAINS</u>				
Support:				
Donations	\$ 130	\$ 0	\$ 0	\$ 0
Miscellaneous	2,744	0	0	0
Revenue and Gains:				
Fees for services	312,492	296,951	40,827	48,965
Investment income	0	0	0	0
Dues	0	0	0	0
Change in split-interest agreements	0	0	0	0
Rental income	0	0	0	0
Gain on disposal of property and equipment	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Support, Revenue and Gains	<u>315,366</u>	<u>296,951</u>	<u>40,827</u>	<u>48,965</u>
<u>EXPENSES</u>				
Advertising	644	880	270	189
Amortization	2,134	0	0	0
Bank charges	35	0	8	0
Depreciation	5,528	5,528	2,369	1,579
Dues and subscriptions	0	236	57	46
Field travel	647	984	0	3,661
Insurance	20,231	14,666	2,455	7,252
Interest	31,933	0	0	0
Maintenance and repairs	5,105	1,727	569	436
Miscellaneous	1,392	0	0	0
Office supplies	1,163	2,205	267	369
Other supplies	4,784	2,351	301	90
Payments to beneficiaries	0	0	0	0
Payroll taxes	10,892	10,809	2,900	2,502
Postage	455	456	83	73
Printing	945	111	122	42
Professional fees	4,873	4,812	1,037	642
Retirement	4,440	4,992	1,593	1,062
Salaries	151,082	149,859	37,880	32,731
Taxes and licenses	60	0	0	0
Telephone	2,992	2,253	551	1,431
Training	193	95	26	0
Utilities	<u>2,474</u>	<u>3,080</u>	<u>577</u>	<u>563</u>
Total Expenses	<u>252,002</u>	<u>205,044</u>	<u>51,065</u>	<u>52,668</u>
INCREASE (DECREASE) IN NET ASSETS	<u>\$ 63,364</u>	<u>\$ 91,907</u>	<u>\$(10,238)</u>	<u>\$(3,703)</u>

<u>Peer Support</u>	<u>Housing</u>	<u>Employment</u>	<u>Drop-in Centers</u>	<u>Newport Place</u>	<u>Trust and Administrative</u>	<u>Total</u>
\$ 0	\$ 0	\$ 558	\$ 1,081	\$ 0	\$ 8,060	\$ 9,829
0	0	41	52	0	14,861	17,698
74,018	31,824	148,940	73,693	0	0	1,027,710
0	0	0	0	0	13,894	13,894
0	0	0	0	0	3,363	3,363
0	0	0	0	0	1,340	1,340
0	0	0	0	34,628	0	34,628
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,200</u>	<u>1,200</u>
<u>74,018</u>	<u>31,824</u>	<u>149,539</u>	<u>74,826</u>	<u>34,628</u>	<u>42,718</u>	<u>1,109,662</u>
360	270	1,778	523	45	518	5,477
0	0	0	0	0	0	2,134
12	8	0	0	0	2,931	2,994
3,159	2,369	11,846	2,764	395	3,949	39,486
76	57	576	170	9	63	1,290
6,077	1,385	4,654	121	0	3,852	21,381
7,251	3,576	15,750	8,667	39	22,240	102,127
0	0	0	0	0	0	31,933
856	611	4,025	4,942	1,891	1,804	21,966
0	4,833	110	200	0	4,070	10,605
395	237	2,956	1,920	40	496	10,048
306	301	2,732	4,385	201	1,039	16,490
0	0	0	0	0	12,500	12,500
3,943	4,165	8,917	2,517	168	1,755	48,568
125	83	601	85	17	224	2,202
162	122	2,076	45	18	180	3,823
1,412	1,067	5,154	2,424	1,161	1,582	24,164
2,125	1,593	7,176	1,595	267	2,151	26,994
51,592	54,387	116,494	38,397	2,321	48,905	683,648
0	0	0	0	0	3,691	3,751
1,163	723	4,335	1,961	86	1,545	17,040
44	66	327	0	0	39	790
<u>1,005</u>	<u>576</u>	<u>4,132</u>	<u>6,536</u>	<u>7,155</u>	<u>2,188</u>	<u>28,286</u>
<u>80,063</u>	<u>76,429</u>	<u>193,639</u>	<u>77,252</u>	<u>13,813</u>	<u>115,722</u>	<u>1,117,697</u>
<u>\$(6,045)</u>	<u>\$(44,605)</u>	<u>\$(44,100)</u>	<u>\$(2,426)</u>	<u>\$20,815</u>	<u>\$(73,004)</u>	<u>\$(8,035)</u>

FRIENDS ALLIANCE FOR THE MENTALLY ILL, INC.
 SCHEDULE OF ACTIVITIES - BY PROGRAM
 YEAR ENDED JUNE 30, 1999

	Uptown Friendship Club	West Bank Friendship Club	Fair- weather Lodge	Case Manage- ment
<u>SUPPORT AND REVENUE</u>				
Support:				
Donations	\$ 3,925	\$ 0	\$ 0	\$ 0
Miscellaneous	5,246	0	0	0
Revenue:				
Fees for services	222,395	245,870	39,342	50,080
Investment income	0	0	0	0
Dues	645	0	0	0
Change in split-interest agreements	0	0	0	0
Rental income	0	0	0	0
Total Support and Revenue	<u>232,211</u>	<u>245,870</u>	<u>39,342</u>	<u>50,080</u>
<u>EXPENSES AND LOSSES</u>				
Advertising	263	214	51	221
Amortization	133	0	0	0
Bank charges	0	0	0	0
Depreciation	4,835	4,551	1,010	295
Dues and subscriptions	0	315	69	47
Field travel	2,902	2,100	243	3,339
Insurance	20,444	15,459	3,289	4,083
Interest	16,101	3,874	0	0
Loss on disposal of property and equipment	0	0	0	0
Maintenance and repairs	8,852	4,139	797	250
Miscellaneous	5,892	20	0	0
Office supplies	4,819	1,759	284	163
Other supplies	5,510	3,968	218	58
Payments to beneficiaries	0	0	0	0
Payroll taxes	11,331	11,054	2,967	2,795
Postage	696	480	100	41
Printing	668	286	94	64
Professional fees	4,592	3,909	1,167	758
Retirement	6,686	5,024	1,218	1,734
Salaries	140,179	138,768	34,827	32,576
Taxes and licenses	0	0	0	0
Telephone	2,237	2,384	293	1,168
Training	15	0	0	0
Utilities	4,052	3,255	775	360
Total Expenses and Losses	<u>240,207</u>	<u>201,559</u>	<u>47,402</u>	<u>47,952</u>
INCREASE (DECREASE) IN NET ASSETS	<u>\$ (7,996)</u>	<u>\$ 44,311</u>	<u>\$ (8,060)</u>	<u>\$ 2,128</u>

<u>Peer Support</u>	<u>Housing</u>	<u>Employment</u>	<u>Supported Living</u>	<u>Drop-in Centers</u>	<u>Newport Place</u>	<u>Trust and Administrative</u>	<u>Total</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 250	\$ 0	\$ 10,000	\$ 14,175
456	23	0	0	1,072	0	29,541	36,338
75,842	32,382	369,460	3,520	75,893	0	0	1,114,784
0	0	0	0	0	0	8,511	8,511
0	0	0	0	0	0	0	645
0	0	0	0	0	0	3,888	3,888
0	0	0	0	0	28,299	0	28,299
<u>76,298</u>	<u>32,405</u>	<u>369,460</u>	<u>3,520</u>	<u>77,215</u>	<u>28,299</u>	<u>51,940</u>	<u>1,206,640</u>
77	51	746	0	25	0	43	1,691
0	0	0	0	0	0	0	133
0	0	0	0	0	0	1,364	1,364
1,514	1,010	7,235	73	7,481	4,281	2,569	34,854
91	69	598	12	239	0	140	1,580
4,042	2,958	7,045	0	0	0	2,101	24,730
9,234	9,738	25,983	224	6,795	0	22,227	117,476
0	0	0	0	0	0	971	20,946
0	0	0	0	0	0	46,972	46,972
1,177	942	5,655	62	3,676	2,747	2,050	30,347
2,115	3,491	13,209	0	0	478	6,815	32,020
436	303	2,385	6	753	0	793	11,701
288	456	1,530	21	4,648	0	1,914	18,611
0	0	0	0	0	0	12,500	12,500
4,870	4,286	14,444	225	2,864	0	3,800	58,636
148	114	694	0	0	0	169	2,442
127	94	682	11	211	0	201	2,438
1,541	1,207	6,884	209	2,667	93	1,805	24,832
2,897	3,246	4,008	162	740	0	2,639	28,354
57,296	50,597	168,792	2,852	31,499	0	54,681	712,067
0	0	0	0	0	0	3,824	3,824
957	602	2,446	14	1,734	0	745	12,580
0	0	845	0	0	0	0	860
<u>1,137</u>	<u>936</u>	<u>4,995</u>	<u>65</u>	<u>5,884</u>	<u>3,300</u>	<u>2,150</u>	<u>26,909</u>
<u>87,947</u>	<u>80,100</u>	<u>268,176</u>	<u>3,936</u>	<u>69,216</u>	<u>10,899</u>	<u>170,473</u>	<u>1,227,867</u>
<u>\$(11,649)</u>	<u>\$(47,695)</u>	<u>\$101,284</u>	<u>\$(416)</u>	<u>\$ 7,999</u>	<u>\$17,400</u>	<u>\$(118,533)</u>	<u>\$(21,227)</u>

FRIENDS ALLIANCE FOR THE MENTALLY ILL, INC.
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2000

ASSETS

Friends Alliance
for the
Mentally Ill,
Inc.

CURRENT ASSETS

Cash	\$ 51,236
Investments	188,079
Due from State agencies	174,024
Due from affiliate	2,251
Prepaid expenses	12,058
Insurance receivable	3,830
Note receivable - Current portion	<u>0</u>
<i>Total Current Assets</i>	<u>431,478</u>

PROPERTY AND EQUIPMENT

Land	165,000
Building and improvements	927,135
Office furniture and equipment	65,736
Transportation equipment	67,630
Household equipment	24,971
Educational, recreational and cultural equipment	<u>1,237</u>
	1,251,709
Less: Accumulated depreciation	<u>199,377</u>
<i>Total Property and Equipment</i>	<u>1,052,332</u>

OTHER ASSETS

Note receivable - Friends Alliance for the Mentally Ill, Inc.	0
Investment in trust	250,000
Deferred loan fees, net of accumulated amortization of \$2,267	<u>5,691</u>
<i>Total Other Assets</i>	<u>255,691</u>
<i>Total Assets</i>	<u>\$1,739,501</u>

<u>Charitable Remainder Trust</u>	<u>Eliminating Entries</u>	<u>Consolidated</u>
\$ 1,706	\$ 0	\$ 52,942
99,179	0	287,258
0	0	174,024
0	0	2,251
0	0	12,058
0	0	3,830
<u>1,869</u>	<u>(1,869)</u>	<u>0</u>
<u>102,754</u>	<u>(1,869)</u>	<u>532,363</u>
0	0	165,000
0	0	927,135
0	0	65,736
0	0	67,630
0	0	24,971
<u>0</u>	<u>0</u>	<u>1,237</u>
0	0	1,251,709
<u>0</u>	<u>0</u>	<u>199,377</u>
<u>0</u>	<u>0</u>	<u>1,052,332</u>
154,613	(154,613)	0
0	(250,000)	0
<u>0</u>	<u>0</u>	<u>5,691</u>
<u>154,613</u>	<u>(404,613)</u>	<u>5,691</u>
<u>\$257,367</u>	<u>\$(406,482)</u>	<u>\$1,590,386</u>

FRIENDS ALLIANCE FOR THE MENTALLY ILL, INC.
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
(Continued)
JUNE 30, 2000

Friends Alliance
for the
Mentally Ill,
Inc.

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 10,544
Accrued expenses	29,500
Salaries payable	9,610
Due to non-related working affiliate	40,000
Current maturities of long-term debt	<u>22,131</u>

Total Current Liabilities 111,785

LONG-TERM DEBT

Non-current maturities	<u>581,215</u>
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OTHER LIABILITIES

Annuity payable	146,843
Deposits	<u>775</u>

Total Other Liabilities 147,618

Total Liabilities 840,618

NET ASSETS

Temporarily restricted	104,998
Unrestricted	<u>793,885</u>

Total Net Assets 898,883

Total Liabilities and Net Assets \$1,739,501

<u>Charitable Remainder Trust</u>	<u>Eliminating Entries</u>	<u>Consolidated</u>
\$ 650	\$ 0	\$ 11,194
0	0	29,500
0	0	9,610
0	0	40,000
<u>0</u>	<u>1,869</u>	<u>20,262</u>
<u>650</u>	<u>1,869</u>	<u>110,566</u>
<u>0</u>	<u>154,613</u>	<u>426,602</u>
0	0	146,843
<u>0</u>	<u>0</u>	<u>775</u>
<u>0</u>	<u>0</u>	<u>147,618</u>
<u>650</u>	<u>156,482</u>	<u>684,786</u>
250,000	250,000	104,998
<u>6,717</u>	<u>0</u>	<u>800,602</u>
<u>256,717</u>	<u>250,000</u>	<u>905,600</u>
<u>\$257,367</u>	<u>\$406,482</u>	<u>\$1,590,386</u>

FRIENDS ALLIANCE FOR THE MENTALLY ILL, INC.
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
(Continued)
JUNE 30, 1999

ASSETS

Friends Alliance
for the
Mentally Ill,
Inc.

CURRENT ASSETS

Cash	\$ 66,700
Certificates of deposit	16,440
Investments	181,493
Due from State agencies	153,739
Due from affiliate	3,691
Prepaid expenses	6,710
Accrued interest receivable	0
Note receivable - Current portion	<u>0</u>

Total Current Assets 428,773

PROPERTY AND EQUIPMENT

Land	165,000
Building and improvements	925,035
Office furniture and equipment	65,055
Transportation equipment	74,150
Household equipment	24,971
Educational, recreational and cultural equipment	<u>1,237</u>

1,255,448
203,257

Less: Accumulated depreciation

Total Property and Equipment 1,052,191

OTHER ASSETS

Note receivable - Friends Alliance for the Mentally Ill, Inc.	0
Investment in trust	250,000
Deferred loan fees, net of accumulated amortization of \$133	<u>7,825</u>

Total Other Assets 257,825

Total Assets \$1,738,789

<u>Charitable Remainder Trust</u>	<u>Eliminating Entries</u>	<u>Consolidated</u>
\$ 433	\$ 0	\$ 67,133
0	0	16,440
94,101	0	275,594
0	0	153,739
0	0	3,691
0	0	6,710
339	(339)	0
<u>1,743</u>	<u>(1,743)</u>	<u>0</u>
<u>96,616</u>	<u>(2,082)</u>	<u>523,307</u>
0	0	165,000
0	0	925,035
0	0	65,055
0	0	74,150
0	0	24,971
<u>0</u>	<u>0</u>	<u>1,237</u>
0	0	1,255,448
<u>0</u>	<u>0</u>	<u>203,257</u>
<u>0</u>	<u>0</u>	<u>1,052,191</u>
156,632	(156,632)	0
0	(250,000)	0
<u>0</u>	<u>0</u>	<u>7,825</u>
<u>156,632</u>	<u>(406,632)</u>	<u>7,825</u>
<u>\$253,248</u>	<u>\$(408,714)</u>	<u>\$1,583,323</u>

FRIENDS ALLIANCE FOR THE MENTALLY ILL, INC.
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
(Continued)
JUNE 30, 1999

Friends Alliance
for the
Mentally Ill,
Inc.

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 49,563
Salaries payable	2,565
Interest payable	3,300
Current maturities of long-term debt	<u>18,739</u>

Total Current Liabilities 74,167

LONG-TERM DEBT

Non-current maturities	<u>604,077</u>
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OTHER LIABILITIES

Annuity payable	148,183
Deposits	<u>1,975</u>

Total Other Liabilities 150,158

Total Liabilities 828,402

NET ASSETS

Temporarily restricted	103,658
Unrestricted	<u>806,729</u>

Total Net Assets 910,387

Total Liabilities and Net Assets \$1,738,789

<u>Charitable Remainder Trust</u>	<u>Eliminating Entries</u>	<u>Consolidated</u>
\$ 0	\$ 0	\$ 49,563
0	0	2,565
0	339	2,961
<u>0</u>	<u>1,743</u>	<u>16,996</u>
<u>0</u>	<u>2,082</u>	<u>72,085</u>
<u>0</u>	<u>156,632</u>	<u>447,445</u>
0	0	148,183
<u>0</u>	<u>0</u>	<u>1,975</u>
<u>0</u>	<u>0</u>	<u>150,158</u>
<u>0</u>	<u>158,714</u>	<u>669,688</u>
250,000	250,000	103,658
<u>3,248</u>	<u>0</u>	<u>809,977</u>
<u>253,248</u>	<u>250,000</u>	<u>913,635</u>
<u>\$253,248</u>	<u>\$408,714</u>	<u>\$1,583,323</u>

FRIENDS ALLIANCE FOR THE MENTALLY ILL, INC.
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDING JUNE 30, 2000

Friends Alliance
for the
Mentally Ill,
Inc.

SUPPORT, REVENUE AND GAINS

Support:

Donations	\$ 9,829
Miscellaneous	<u>17,698</u>

<i>Total Support</i>	<u>27,527</u>
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Revenue and Gains:

Fees for services - OMH/JPHSA	1,027,710
Investment income	8,817
Dues	3,363
Change in split-interest agreement	1,340
Rental income	34,628
Gain on disposal of property and equipment	<u>1,200</u>

<i>Total Revenue and Gains</i>	<u>1,077,058</u>
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<i>Total Support, Revenue and Gains</i>	<u>1,104,585</u>
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EXPENSES

Program Services:

Fairweather Lodge	51,065
Case management	52,668
Peer support	80,063
Housing	76,429
Employment	193,639
Drop-in Centers	77,252
Newport Place	<u>25,758</u>

<i>Total Program Services</i>	<u>556,874</u>
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Supporting Services:

Medicaid and General	443,492
Trust and Administrative	<u>115,722</u>

<i>Total Supporting Services</i>	<u>559,214</u>
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<i>Total Expenses</i>	<u>1,116,088</u>
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<u>INCREASE (DECREASE) IN NET ASSETS</u>	<u>\$ (11,503)</u>
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<u>Charitable Remainder Trust</u>	<u>Eliminating Entries</u>	<u>Consolidated</u>
\$ 0	\$ 0	\$ 9,829
<u>0</u>	<u>0</u>	<u>17,698</u>
<u>0</u>	<u>0</u>	<u>27,527</u>
0	0	1,027,710
17,022	11,945	13,894
0	0	3,363
0	0	1,340
0	0	34,628
<u>0</u>	<u>0</u>	<u>1,200</u>
<u>17,022</u>	<u>11,945</u>	<u>1,082,135</u>
<u>17,022</u>	<u>11,945</u>	<u>1,109,662</u>
0	0	51,065
0	0	52,668
0	0	80,063
0	0	76,429
0	0	193,639
0	0	77,252
<u>0</u>	<u>(11,945)</u>	<u>13,813</u>
<u>0</u>	<u>(11,945)</u>	<u>544,929</u>
13,554	0	457,046
<u>0</u>	<u>0</u>	<u>115,722</u>
<u>13,554</u>	<u>0</u>	<u>572,768</u>
<u>13,554</u>	<u>(11,945)</u>	<u>1,117,697</u>
<u>\$ 3,468</u>	<u>\$ 0</u>	<u>\$ (8,035)</u>

FRIENDS ALLIANCE FOR THE MENTALLY ILL, INC.
CONSOLIDATING STATEMENT OF ACTIVITIES
(Continued)
YEAR ENDING JUNE 30, 1999

	<u>Friends Alliance for the Mentally Ill, Inc.</u>
<u>SUPPORT AND REVENUE</u>	
Support:	
Donations	\$ 14,175
Miscellaneous	<u>36,338</u>
<i>Total Support</i>	<u>50,513</u>
Revenue:	
Fees for services - OMH/JPHSA	1,114,784
Investment income	4,059
Dues	645
Change in split-interest agreement	3,888
Rental income	<u>28,299</u>
<i>Total Revenue</i>	<u>1,151,675</u>
<i>Total Support and Revenue</i>	<u>1,202,188</u>
<u>EXPENSES AND LOSSES</u>	
Program Services:	
Fairweather Lodge	47,402
Case management	47,952
Peer support	87,947
Housing	80,100
Employment	268,176
Drop-in Centers	69,216
Supported living	3,936
Newport Place	<u>10,899</u>
<i>Total Program Services</i>	<u>615,628</u>
Supporting Services:	
Medicaid and General	440,351
Trust and Administrative	<u>123,501</u>
<i>Total Supporting Services</i>	<u>563,852</u>
Loss on disposal of property and equipment	<u>46,972</u>
<i>Total Expenses and Losses</i>	<u>1,226,452</u>
<u>INCREASE (DECREASE) IN NET ASSETS</u>	<u>\$ (24,264)</u>

<u>Charitable Remainder Trust</u>	<u>Eliminating Entries</u>	<u>Consolidated</u>
\$ 0	\$ 0	\$ 14,175
<u>0</u>	<u>0</u>	<u>36,338</u>
0	0	50,513
0	0	1,114,784
15,601	11,149	8,511
0	0	645
0	0	3,888
<u>0</u>	<u>0</u>	<u>28,299</u>
<u>15,601</u>	<u>11,149</u>	<u>1,156,127</u>
<u>15,601</u>	<u>11,149</u>	<u>1,206,640</u>
0	0	47,402
0	0	47,952
0	0	87,947
0	0	80,100
0	0	268,176
0	0	69,216
0	0	3,936
<u>0</u>	<u>0</u>	<u>10,899</u>
0	0	615,628
12,564	(11,149)	441,766
<u>0</u>	<u>0</u>	<u>123,501</u>
<u>12,564</u>	<u>(11,149)</u>	<u>565,267</u>
0	0	46,972
<u>12,564</u>	<u>(11,149)</u>	<u>1,227,867</u>
<u>\$ 3,037</u>	<u>\$ 0</u>	<u>\$ (21,227)</u>

SPILSBURY, HAMILTON, LEGENDRE & PACIERA

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LEROY P. LEGENDRE, C.P.A.
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SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND
ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Executive Director and Board of Directors
Friends Alliance for the Mentally Ill, Inc.
New Orleans, Louisiana

We have audited the financial statements of Friends Alliance for the Mentally Ill, Inc. ("Friends AMI") as of and for the year ended June 30, 2000, and have issued our report thereon dated August 25, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Friends AMI's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Friends AMI's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

This report is intended solely for the information and use of the Executive Director, Board of Directors, management, and the Louisiana Legislative Auditor, and is not intended to be and should not be used by anyone other than these specified parties.

Spilsbury, Hamilton, Legendre, Paciera

August 25, 2000

SPILSBURY, HAMILTON, LEGENDRE & PACIERA

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

Executive Director and Board of Directors
Friends Alliance for the Mentally Ill, Inc.
New Orleans, Louisiana

We have audited the financial statements of Friends Alliance for the Mentally Ill, Inc. (a non-profit organization) as of and for the year ended June 30, 2000, and have issued our report thereon dated August 25, 2000.

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

Compliance with laws, regulations, contracts and grants applicable to Friends Alliance for the Mentally Ill, Inc. is the responsibility of the management of Friends Alliance for the Mentally Ill, Inc. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of Friends AMI's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Executive Director, Board of Directors, management, and the Louisiana Legislative Auditor, and is not intended to be and should not be used by anyone other than these specified parties.

Spilsbury, Hamilton, Legendre & Paciera

August 25, 2000