

**LOUISIANA FEDERATION OF FAMILIES
FOR CHILDREN'S MENTAL HEALTH, INC.**

June 30, 2004

Audit of Financial Statements

June 30, 2004

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 1-26-05

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LAPORTE SEHRT
ROMIG HAND
CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
**Louisiana Federation of Families for
Children's Mental Health, Inc.**
Baton Rouge, Louisiana

Independent Auditors' Report

We have audited the accompanying statement of financial position of **LOUISIANA FEDERATION OF FAMILIES FOR CHILDREN'S MENTAL HEALTH, INC.** (a Louisiana corporation, not for profit) as of June 30, 2004, and the related statements of activities and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Federation'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* 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 **LOUISIANA FEDERATION OF FAMILIES FOR CHILDREN'S MENTAL HEALTH, INC.** as of June 30, 2004, and the results of its operations and cash flows for the year 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 December 9, 2004, on our consideration of **LOUISIANA FEDERATION OF FAMILIES FOR CHILDREN'S MENTAL HEALTH, INC.**'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

An audit was performed for the purpose of forming an opinion on the financial statements of **LOUISIANA FEDERATION OF FAMILIES FOR CHILDREN'S MENTAL HEALTH, INC.** The accompanying supplemental information is presented for the purpose of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied to the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Sabate, Debit, Long & Hurd

A Professional Accounting Corporation

December 9, 2004

**LOUISIANA FEDERATION OF FAMILIES
FOR CHILDREN'S MENTAL HEALTH, INC.**

**STATEMENT OF FINANCIAL POSITION
June 30, 2004**

ASSETS

CURRENT ASSETS

Cash in Bank	\$ 11,423
Contracts Receivable	<u>99,342</u>

Total Current Assets	<u>110,765</u>
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FURNITURE AND EQUIPMENT

Furniture and Equipment - At Cost	64,139
Accumulated Depreciation	<u>(41,956)</u>

Total Furniture and Equipment	<u>22,183</u>
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OTHER ASSETS

Deposits	<u>1,100</u>
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Total Assets	<u>\$ 134,048</u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable	\$ 34,307
Payroll Taxes Payable	<u>1,265</u>

Total Current Liabilities	35,572
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NET ASSETS - Unrestricted	<u>98,476</u>
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Total Liabilities and Net Assets	<u>\$ 134,048</u>
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The accompanying notes are an integral part of these financial statements.

**LOUISIANA FEDERATION OF FAMILIES
FOR CHILDREN'S MENTAL HEALTH, INC.**

**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Year Ended June 30, 2004**

	UNRESTRICTED
PUBLIC SUPPORT AND REVENUES	
Government Grants and Contracts	\$ 490,142
Program Service Fees	24,149
Other Income	<u>28,417</u>
Total Public Support and Revenues	<u>542,708</u>
 EXPENSES	
Salaries	158,608
Program Expenses	126,388
Travel	51,721
Office Expenses	38,523
Payroll Taxes	26,062
Loss on Disposal of Assets	26,010
Service Fees	24,149
Insurance	22,604
Utilities	13,859
Other	13,325
Professional Fees	13,097
Building and Equipment Rental	12,717
Depreciation	10,997
Dues and Memberships	9,211
Printing	7,425
Bad Debt Expense	6,143
Repairs and Maintenance	<u>775</u>
Total Program Services	<u>561,614</u>
 DECREASE IN NET ASSETS	 (18,906)
 NET ASSETS - BEGINNING OF YEAR	 <u>117,382</u>
 NET ASSETS - END OF YEAR	 <u>\$ 98,476</u>

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

**LOUISIANA FEDERATION OF FAMILIES
FOR CHILDREN'S MENTAL HEALTH, INC.**

**STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2004**

CASH FLOWS FROM OPERATING ACTIVITIES	
Decrease in Net Assets	\$ (18,906)
Adjustments to Reconcile Decrease in Net Assets to Net Cash Provided by Operating Activities	
Depreciation	10,997
Loss on Disposal of Assets	26,010
Increase in Accounts Receivable	(10,831)
Decrease in Overdraft Payable	(9,803)
Increase in Accounts Payable	34,307
Decrease in Payroll Taxes Payable	<u>(21,771)</u>
Net Cash Provided by Operating Activities	<u>10,003</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of Fixed Assets	<u>(2,448)</u>
Net Cash Used in Investing Activities	<u>(2,448)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	7,555
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>3,868</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 11,423</u>

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

**LOUISIANA FEDERATION OF FAMILIES
FOR CHILDREN'S MENTAL HEALTH, INC.**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2004**

NOTE A.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the accompanying financial statements are as follows:

ORGANIZATION

The **LOUISIANA FEDERATION OF FAMILIES FOR CHILDREN'S MENTAL HEALTH, INC.** (the Federation) is a statewide parent organization and network, which provides referral, informational, support, and educational services to parents and advocacy on behalf of children with emotional, behavioral or mental health disorders and their families. The primary source of income is from contracts for services provided to the State of Louisiana.

BASIS OF ACCOUNTING

The financial statements of the Federation have been prepared on the accrual basis of accounting whereby revenues are recognized when earned and expenses are recognized when incurred.

FINANCIAL STATEMENT PREPARATION

The Federation has adopted Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Federation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. In addition, the Federation is required to present a statement of cash flows.

The Federation has also adopted SFAS No. 116, *Accounting for Contributions Received and Contributions Made*, whereby contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Restricted net assets are reclassified to unrestricted net assets upon satisfaction of the donor imposed time or purpose restrictions.

FURNITURE AND EQUIPMENT

Furniture and equipment are stated at cost. Depreciation is computed on the straight-line basis over the following estimated useful lives of the assets:

Furniture and equipment	5-7 years
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The Federation capitalizes substantially all assets whose useful lives extend beyond a one-year period.

INCOME TAXES

The Federation is a tax exempt, non-profit organization under Section 501(c)(3) of the Internal Revenue Code. Therefore, income taxes are not provided for in the accompanying financial statements.

**LOUISIANA FEDERATION OF FAMILIES
FOR CHILDREN'S MENTAL HEALTH, INC.**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2004**

NOTE A

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

CASH EQUIVALENTS

The Federation considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

FUNCTIONAL EXPENSES

Certain functional expenses have been allocated between Program Services and Supporting Services based on an analysis of personnel time utilized for the related activities.

NOTE B

EXPENSES BY FUNCTIONAL CATEGORY

As required by SFAS No. 117, the Federation's expenses for the year ended June 30, 2004, has been recapped by their functional categories as follows:

Operating and Maintenance	\$ 49,236
Administration	102,910
Community-based Mental Health Services Grant	60,786
Research and Program Development - OMH-HQ	103,946
Capital Area	24,245
Region 3	27,981
Region 5	26,343
Region 6	48,692
Region 7	21,541
Region 8	20,785
Region 9	11,501
Other Sources	43,267
LA Yes	4,969
Avoyelles Parish School Board	<u>15,412</u>
Total Expenses	<u>\$ 561,614</u>

**LOUISIANA FEDERATION OF FAMILIES
FOR CHILDREN'S MENTAL HEALTH, INC.**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2004**

NOTE C

GRANTS AND CONTRACTS

The Federation receives a majority of its funding through Federal and State grants and contracts. A brief description of its larger grants and contracts are as follows:

Federal Block Grant for Community Mental Health is a Federal pass-through regional contracts funded mainly through Louisiana Department of Health and Hospitals - Office of Mental Health and Capital Area Human Services District. These contracts are on a regional basis and are used for family mentoring, family support and respite services. Their funding period runs from July 1 to June 30. Total revenue for the year ended June 30, 2004, from the combined regions is \$129,116.

Community-based Mental Health Services Grant is a Federal state-wide grant funded by the United States Department of Health and Human Services. Its funding period runs from September 2001 to August 2004. Total revenue for the year ended June 30, 2004, is \$80,000.

Administrative Contract is a state-wide contract funded through the Louisiana Department of Health and Hospitals, State Planning Council on Developmental Disabilities with Act 378 Community Service Funds. Its funding period runs from July 1 to June 30, and is used primarily for the federation's administrative, operating and education functions. Total revenue for the year ended June 30, 2004 is \$101,496.

Research and Program Development Contract is a state-wide contract funded by the Louisiana Department of Health and Hospitals, Office of Mental Health Head Quarters. Its funding period runs from July 1 to June 30, and is used primarily for the development of state wide family mentoring model. Total revenue for the year ended June 30, 2004, is \$104,745.

Region 7- Family Support is a state contract for Region 7 funded through the Louisiana Department of Health and Hospitals - Office of Mental Health. Its funding period runs from July 1 to June 30 and is used for family support. Total revenue for the year ended June 30, 2004, is \$21,368.

**LOUISIANA FEDERATION OF FAMILIES
FOR CHILDREN'S MENTAL HEALTH, INC.**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2004**

NOTE D

ACCOUNTS RECEIVABLE

The detail of accounts receivable is as follows:

Department of Health and Hospitals, Office of Mental Health:

Administration	\$ 20,324
Avoyelles Parish School Board	15,986
OMH-HQ	25,927
Region 3	3,442
Region 6	20,218
Region 7	12,330
Policy Research Associates	<u>1,115</u>
	<u>\$ 99,342</u>

Accounts receivable at June 30, 2004, are estimated to be fully collectible.

NOTE E

LEASE OBLIGATIONS

The **LOUISIANA FEDERATION OF FAMILIES FOR CHILDREN'S MENTAL HEALTH, INC.** occupies and operates its main office in Baton Rouge, Louisiana. On February 27, 2003, **LOUISIANA FEDERATION OF FAMILIES FOR CHILDREN'S MENTAL HEALTH, INC.** entered into a one-year agreement effective March 1, 2003, which requires monthly payments of \$1,100. This lease expired in the current year, and it is now on a month-to-month basis. Rent expense included in the accompanying financial statements for lease expense is \$12,100, for the year ended June 30, 2004.

NOTE F

FIXED ASSETS

Depreciation expense for the year ended June 30, 2004 is \$10,997.

All assets acquired with Department of Health and Human Services funds are owned by **LOUISIANA FEDERATION OF FAMILIES FOR CHILDREN'S MENTAL HEALTH, INC.**, while used in the program for which it was purchased. The Department of Health and Human Services, however, has a reversionary interest in these assets. Should these contracts not be renewed, title in any assets purchased with those funds will transfer to the appropriate agency.

**LOUISIANA FEDERATION OF FAMILIES
FOR CHILDREN'S MENTAL HEALTH, INC.**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2004**

NOTE G

CONCENTRATION

The Federation receives almost all of its funding through Federal and State service contracts with durations of one year or less.

NOTE H

LOSS ON DISPOSAL OF ASSETS

The Louisiana Department of Health and Hospitals did not renew the Region 5, Region 8, and Region 9 contracts during the year ending June 30, 2004. As a result, fixed assets with a cost of \$51,220 and accumulated depreciation of \$25,210 were transferred to the State, resulting in a loss on disposal of assets of \$26,010.

SUPPLEMENTAL INFORMATION

**LOUISIANA FEDERATION OF FAMILIES
FOR CHILDREN'S MENTAL HEALTH, INC.**

SCHEDULE OF GOVERNING BOARD

June 30, 2004

Region I - New Orleans

Florence Hayes
#2 Marlborough Gate Place
New Orleans, LA 70115
504-895-5909
Term Exp. 8-04

CAHSD - Baton Rouge

Bonnie Wise
11595 Baylor Drive
Baton Rouge, LA 70816
225-292-2003
Term Exp. 6-05

Yolanda Schuchard
3903 Lake La Rouge
Baton Rouge, LA 70816
225-292-8544
Term Exp. 8-05

Connie Bergeron
14164 Bayou Terrace Drive
St. Amant, LA 70774
225-675-3653

Region III -- LaPlace

Sandy Joseph
3025 English Colony Drive
LaPlace, LA 70068
985-651-6424
Term Exp. 8-04

Sam Williams
P.O. Box 958
Napoleonville, LA 70390
985-526-8059
Term Exp. 12-05

Melodie Dark
111 Olympe Drive
Houma, LA 70363
985-223-3588
Term Exp. 12-05

Region IV - Lafayette
Vacant

Region V - Lake Charles

Cynthia Brown
309 Rawlins Road
Oakdale, LA 71463
337-639-4348
Term Exp. 12-04

Brenda Billings
15 Carl Giles Rd.
Glenmore, LA 71433
318-748-7979
Term Exp. 11-05

Region VI - Alexandria
Helen Lyles
164 Lyons Road
Vidalia, LA 71373
318-336-9107
Term Exp. 08-04

Region VII - Shreveport
Vacant

Region VIII - Monroe

Betty Poole
P.O. Box 277
Kilbourne, LA 71253
318-428-8356
Term Exp. 11-05

Region IX - Covington
Vacant

Jefferson Parish
Cindy Ganier
2350 Park Place Dr. #81
Gretna, LA 70056
504-433-0575
Term Exp. 08-04

During the year ended June 30, 2004, no compensation was paid to the above board members.



LAPORTE SEHRT
ROMIG HAND
CERTIFIED PUBLIC ACCOUNTANTS

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

Board of Directors
**Louisiana Federation of Families for
Children's Mental Health, Inc.**
Baton Rouge, Louisiana

We have audited the financial statements of **LOUISIANA FEDERATION OF FAMILIES FOR CHILDREN'S MENTAL HEALTH, INC.** as of and for the year ended June 30, 2004, and have issued our report thereon dated December 9, 2004. 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.

Compliance

As part of obtaining reasonable assurance about whether **LOUISIANA FEDERATION OF FAMILIES FOR CHILDREN'S MENTAL HEALTH, INC.**'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 **LOUISIANA FEDERATION OF FAMILIES FOR CHILDREN'S MENTAL HEALTH, INC.**'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 weakness. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial 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.

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This report is intended solely for the information of the finance committee, management, the Louisiana Legislative Auditor, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Salute, Schit, Rouje, Ward

A Professional Accounting Corporation

December 9, 2004