

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

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 1-18-2006

Audit of Financial Statements

June 30, 2005

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

Independent Auditor's Report

We have audited the accompanying statement of financial position of **LOUISIANA FEDERATION OF FAMILIES FOR CHILDREN'S MENTAL HEALTH, INC.** (the Federation), a non-profit Louisiana corporation, as of June 30, 2005, and the related statement 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, 2005, 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 our report dated September 21, 2005, on our consideration of **LOUISIANA FEDERATION OF FAMILIES FOR CHILDREN'S MENTAL HEALTH, INC.**'s internal control over financial 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 read in conjunction with this report in considering the results of our audit.

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Our audit was performed for the purpose of forming an opinion on the basic 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 basic financial statements. Such information has been subjected to the auditing procedures applied to 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.

Lehite, Leht, Long & Neal

A Professional Accounting Corporation

September 21, 2005

**LOUISIANA FEDERATION OF FAMILIES
FOR CHILDREN'S MENTAL HEALTH, INC.
STATEMENT OF FINANCIAL POSITION
June 30, 2005**

ASSETS

CURRENT ASSETS

Cash in Bank	\$ 2,558
Contracts Receivable	<u>70,057</u>

Total Current Assets 72,615

FURNITURE AND EQUIPMENT

Furniture and Equipment - At Cost	64,139
Accumulated Depreciation	<u>(52,017)</u>

Total Furniture and Equipment 12,122

OTHER ASSETS

Deposits	<u>1,100</u>
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Total Assets \$ 85,837

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Bank Overdraft Payable	\$ 17,888
Payroll Taxes Payable	<u>9,082</u>

Total Current Liabilities 26,970

NET ASSETS - Unrestricted	<u>58,867</u>
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Total Liabilities and Net Assets \$ 85,837

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 CHANGE IN NET ASSETS
For the Year Ended June 30, 2005**

	<u>Unrestricted</u>
PUBLIC SUPPORT AND REVENUES	
Government Grants and Contracts	\$ 372,584
Program Service Fees	16,310
Other Income	<u>3,473</u>
Total Public Support and Revenues	<u>392,367</u>
EXPENSES	
Salaries	190,186
Travel	42,012
Office Expenses	37,048
Professional Fees	26,020
Program Expenses	25,821
Insurance	21,122
Payroll Taxes	16,952
Service Fees	16,310
Building and Equipment Rental	13,200
Other	11,911
Depreciation	10,061
Utilities	9,935
Dues and Memberships	4,311
Printing	3,127
Repairs and Maintenance	2,266
Bad Debt Expense	<u>1,694</u>
Total Program Services	<u>431,976</u>
DECREASE IN NET ASSETS	(39,609)
NET ASSETS, BEGINNING OF YEAR	<u>98,476</u>
NET ASSETS, END OF YEAR	<u>\$ 58,867</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, 2005**

CASH FLOWS FROM OPERATING ACTIVITIES	
Decrease in Net Assets	\$ (39,609)
Adjustments to Reconcile Decrease in Net Assets to Net Cash Used in Operating Activities	
Depreciation	10,061
Decrease in Accounts Receivable	29,285
Increase in Overdraft Payable	17,888
Decrease in Accounts Payable	(34,307)
Increase in Payroll Taxes Payable	<u>7,817</u>
Net Cash Used in Operating Activities	<u>(8,865)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(8,865)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>11,423</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 2,558</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, 2005**

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, 2005**

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 requires 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, 2005, has been recapped by their functional categories as follows:

Operating and Maintenance	\$ 14,622
Administration	98,667
Community-Based Mental Health Services Grant	113,656
Research and Program Development - OMH-HQ	111,022
Region 3	27,217
Region 6	41,696
Region 7	21,370
LA Yes	<u>3,726</u>
Total Expenses	<u>\$ 431,976</u>

**LOUISIANA FEDERATION OF FAMILIES
FOR CHILDREN'S MENTAL HEALTH, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2005**

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 is as follows:

Federal Block Grant for Community Mental Health is a Federal pass-through regional contract funded mainly through Louisiana Department of Health and Hospitals - Office of Mental Health. 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, 2005, from the combined regions is \$68,297.

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 2004 to September 2007. Total revenue for the year ended June 30, 2005 is \$77,299.

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, 2005 is \$97,672.

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, 2005 is \$109,641.

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, 2005, is \$19,675.

**LOUISIANA FEDERATION OF FAMILIES
FOR CHILDREN'S MENTAL HEALTH, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2005**

NOTE D

ACCOUNTS RECEIVABLE

The detail of accounts receivable is as follows:

Department of Health and Hospitals, Office of Mental Health:

Administration	\$ 21,761
OMH-HQ	29,777
Region 3	2,933
Region 6	13,751
Region 7	<u>1,835</u>
	<u>\$ 70,057</u>

Accounts receivable at June 30, 2005, 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, the Federation entered into a one-year agreement effective March 1, 2003, which requires monthly payments of \$1,100. This lease expired and is currently on a month-to-month basis. Rent expense included in the accompanying financial statements for lease expense is \$13,200 for the year ended June 30, 2005.

NOTE F

FIXED ASSETS

Depreciation expense for the year ended June 30, 2005 is \$10,061.

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.

NOTE G

CONCENTRATION

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

SUPPLEMENTAL INFORMATION

**LOUISIANA FEDERATION OF FAMILIES
FOR CHILDREN'S MENTAL HEALTH, INC.
SCHEDULE OF GOVERNING BOARD
June 30, 2005**

<u>Region I - New Orleans</u> Tracy R. Jefferson 8738 Oleander St. New Orleans, LA 70118 504-486-9448 Term Exp. 12-06	<u>CAHSD - Baton Rouge</u> Bonnie Wise 11595 Baylor Drive Baton Rouge, LA 70816 225-292-2003 Term Exp. 6-05	<u>Region III - LaPlace</u> Sam Williams P.O. Box 958 Napoleonville, LA 70390 985-526-8059 Term Exp. 12-05	<u>Region VII - Shreveport</u> Joseph L. Davis 6299 Carroll Cr. Shreveport, LA 71107 318-287-3331 Term Exp. 12-07
Vanessa Barbain 524 So. Genois St. New Orleans, LA 70119 504-903-2388 Term Exp. 12-06	Deborah Whitfield 12758 Parnell Ave. Baton Rouge, LA 70815 225-342-6084 Term Exp. 12-07	<u>Region IV - Lafayette</u> Vacant	<u>Region VIII - Monroe</u> Betty Poole P.O. Box 277 Kilbourne, LA 71253 318-428-8356 Term Exp. 11-05
Tammy Jones 1933 D Abadie St. New Orleans, LA 70119 504-827-6712 Term Exp. 6-06	Billie Oglesby 4316 Scarborough Dr. Baton Rouge, LA 70814 225-273-3047 Term Exp. 6-06	<u>Region V - Lake Charles</u> Brenda Billings 15 Carl Giles Rd. Glenmore, LA 71433 318-748-7979 Term Exp. 11-05	Annie Carroll P.O. Box 433 Newcllton, LA 71357 318-467-5618 Term Exp. 6-06
Joyce Bruce 7425 Edward St. New Orleans, LA 70126 504-610-7239 Term Exp. 6-07	Troy Lee 15103 Beau Jon Prairieville, LA 70769 225-933-6432 Term Exp. 12-06	<u>Region VI - Alexandria</u> Rev. Timothy Thomas 2003 Lynda Lee Lane Alexandria, LA 71301 318-487-9988 Term Exp. 6-06	<u>Region IX - Covington</u> Joan Crawford P.O. Box II Springfield, LA 70462 504-599-0245 Term Exp. 12-07
			<u>Jefferson Parish</u> Vacant

During the year ended June 30, 2005, no compensation was paid to the above board members.



**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**

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, 2005, and have issued our report thereon dated September 21, 2005. 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 **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 an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect **LOUISIANA FEDERATION OF FAMILIES FOR CHILDREN'S MENTAL HEALTH, INC.**'s ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 2005-1 and 2005-2.

A material weakness is a reportable 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 caused by error or fraud 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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above are material weaknesses.

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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 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*.

This report is intended solely for the information and use 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.



A Professional Accounting Corporation

September 21, 2005

**LOUISIANA FEDERATION OF FAMILIES
FOR CHILDREN'S MENTAL HEALTH, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2005**

2005-1 **Board of Directors Meetings Held Regularly**

In reviewing the minutes for the Board of Directors meetings, we noted that there were very few meetings held during the year. We also noted that the minutes for one of the meetings were not available when we requested them. We recommend that the Board of Directors meet on a regular basis and that minutes be prepared timely from each of the meetings.

Management

Response: Board of Directors will begin to meet on a more regular basis and minutes from the meetings will be prepared timely.

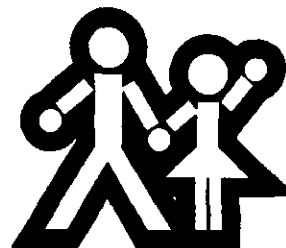
2005-2 **Safekeeping of Accounting Documents**

During our examination of supporting documentation for various expenditures, several invoices were not able to be located. Subsequently, these documents were produced and we were able to verify that the expenditures were approved in the grant contracts. However, we feel that the Federation should have an organized filing system in place that will allow them to locate supporting documentation for grant expenditures easily and timely.

Management

Response: Supporting documentation of all grant expenditures will be filed in an organized manner so that items can be located easily.

L O U I S I A N A
FEDERATION OF FAMILIES
FOR CHILDRENS MENTAL HEALTH



STATE OFFICE 1.800.224.4010 P.O. BOX 4767 SHREVEPORT, LA 71134-0767 WWW.LAFFCMH.COM

September 21, 2005

**Board of
Directors**

Legislative Audit Advisory Committee
P.O. Box 94397
Baton Rouge, LA 70804-9397

Officers

To Whom It May Concern:

**President
Sam Williams**

I am writing in response to the findings noted during the annual audit of our financial statements. The Board of Directors will begin to meet on a more regular basis and the minutes from those meetings will be prepared timely. In addition, any supporting documentation of all grant expenditures will be filed in an organized manner so that those items can be located easily.

**Secretary
Bonnie Wise**

**Vice President
Sandy Joseph**

**Treasurer
Cindy Ganier**

Sincerely,

A handwritten signature in black ink that reads "Verlyn O. Lewis-Boyd". The signature is written in a cursive style.

Verlyn O. Lewis-Boyd
Executive Director

**Members at
Large**

Florence Hayes

Yolanda Schuchard

Connie Bergeron

Melodie Dark

Cynthia Brown

Brenda Billings

Helen Lyles

Betty Poole