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NAMI Louisiana
Baton Rouge, Louisiana
June 30, 1999

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Release Date 1-19-00

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CERTIFIED PUBLIC ACCOUNTANTS

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August 30, 1999

ROBERT E. HAWTHORN, C.P.A.
(1896-1977)
JOHN F. WAYMOUTH, C.P.A.
(1902-1987)
HOWARD V. CARROLL, C.P.A.
(1909-1983)
WARREN C. BEE, C.P.A.
RETIRED
ROBERT J. ZERNOTT, C.P.A.
RETIRED
CARL L. HANCOCK, C.P.A.
RETIRED

Independent Auditor's Report

The Officers and Board of Directors
NAMI Louisiana
Baton Rouge, Louisiana

Gentlemen:

We have audited the accompanying statement of financial position of

**NAMI Louisiana
Baton Rouge, Louisiana**

as of June 30, 1999, and the related statements of activities, cash flows and functional expenses for the year then ended. These financial statements are the responsibility of the NAMI Louisiana's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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 the NAMI Louisiana as of June 30, 1999, and the changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

NAMI Louisiana has not presented the disclosures required by Governmental Accounting Standards board Technical Bulletin 98-1, "Disclosures about Year 2000 Issues", as amended by Governmental Accounting Standards Board Technical Bulletin 99-1, that the Governmental Accounting Standards Board has determined are necessary to supplement, although not be a part of,

the basic financial statements. In addition, we do not provide assurance that NAMI Louisiana is or will be year 2000 compliant, that NAMI Louisiana's year 2000 remediation efforts will be successful in whole or in part, or that parties with which NAMI Louisiana does business will be year 2000 compliant.

In accordance with Government Auditing Standards, we have also issued a report dated August 30, 1999 on our consideration of the NAMI Louisiana's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Yours truly,

Hampton, Waymouth & Carroll, L.L.P.

NAMI Louisiana
Statement of Financial Position
June 30, 1999

	A s s e t s			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Current Assets				
Cash and cash equivalents				
Cash in bank	\$36,635		\$3,183	\$39,818
Certificates of deposit	<u>3,984</u>		<u> </u>	<u>3,984</u>
	<u>40,619</u>		<u>3,183</u>	<u>43,802</u>
Receivables				
Grant Fund receivable	10,839			10,839
Unconditional Promises to Give			4,817	4,817
Other receivables	<u>286</u>		<u> </u>	<u>286</u>
	<u>11,125</u>		<u>4,817</u>	<u>15,942</u>
<u>Total current assets</u>	<u>51,744</u>		<u>8,000</u>	<u>59,744</u>
Noncurrent Assets				
Office equipment	10,020			10,020
Less accumulated depreciation	(3,242)			(3,242)
Unconditional Promises to Give	<u> </u>	<u>\$384,907</u>	<u> </u>	<u>384,907</u>
<u>Total noncurrent assets</u>	<u>6,778</u>	<u>384,907</u>	<u> </u>	<u>391,685</u>
<u>Total assets</u>	<u>58,522</u>	<u>384,907</u>	<u>8,000</u>	<u>451,429</u>
Liabilities and Net Assets				
Liabilities				
Payroll taxes payable	439			439
Deferred revenue	<u>5,000</u>			<u>5,000</u>
<u>Total liabilities</u>	<u>5,439</u>			<u>5,439</u>
Net Assets				
Unrestricted	53,083			53,083
Temporarily restricted		384,907		384,907
Permanently restricted			<u>8,000</u>	<u>8,000</u>
<u>Total net assets</u>	<u>53,083</u>	<u>384,907</u>	<u>8,000</u>	<u>445,990</u>
<u>Total liabilities and net assets</u>	<u>58,522</u>	<u>384,907</u>	<u>8,000</u>	<u>451,429</u>

The accompanying notes are an integral part of these statements.

NAMI Louisiana
Statement of Activities
Year Ended June 30, 1999

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Changes in Unrestricted Net Assets				
Public support				
Grants from Governmental Agencies	\$110,664			\$110,664
Other grants	2,597		\$8,000	10,597
Contributions	<u>12,620</u>		—	<u>12,620</u>
<u>Total public support</u>	<u>125,881</u>		<u>8,000</u>	<u>133,881</u>
Revenue				
Conference income	11,214			11,214
Membership dues	2,955			2,955
Miscellaneous income	1,754			1,754
Interest income	1,215			1,215
Change in value of split-interest - agreements		<u>\$26,558</u>	—	<u>26,558</u>
	<u>17,138</u>	<u>26,558</u>	—	<u>43,696</u>
<u>Total public support and revenue</u>	<u>143,019</u>	<u>26,588</u>	<u>8,000</u>	<u>177,577</u>
Expenses				
Program expenses	<u>170,794</u>			<u>170,794</u>
<u>Total expenses</u>	<u>170,794</u>	—	—	<u>170,794</u>
Increase (Decrease) in Net Assets	<u>(27,775)</u>	<u>26,558</u>	<u>8,000</u>	<u>(19,775)</u>
Transfer of Assets to JOH	<u>(17,066)</u>	—	—	<u>(17,066)</u>
Net Assets, beginning of year as previously reported	97,924			97,924
Prior Period Adjustments	—	<u>358,349</u>	—	<u>358,349</u>
Net Assets, beginning of year, restated	<u>97,927</u>	<u>358,349</u>	—	<u>456,273</u>
Net Assets, end of year	<u>151,010</u>	<u>358,907</u>	<u>8,000</u>	<u>445,990</u>

The accompanying notes are an integral part of these statements.

**NAMI Louisiana
Statement of Cash Flows
Year Ended June 30, 1999**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Cash Flows From Operating Activities				
Increase (decrease) in net assets	(\$27,775)	\$26,558	\$8,000	\$6,783
Adjustments to reconcile change in net assets to net cash provided by operating activities				
Depreciation	879			879
(Increase) decrease in				
Grant Fund receivable	37,858			37,858
Unconditional Promises to Give		(26,558)	(4,817)	(4,817)
Other receivables	565			565
Increase (decrease) in				
Payroll taxes payable	112			112
Deferred revenue	<u>5,000</u>	<u> </u>	<u> </u>	<u>5,000</u>
<u>Net cash provided by</u> <u>operating activities</u>	<u>16,639</u>	<u> </u>	<u>3,183</u>	<u>46,380</u>
Cash Flows From Investing Activities				
Purchase of fixed assets, net	<u>(7,628)</u>			<u>(7,628)</u>
<u>Net cash used by</u> <u>investing activities</u>	<u>(7,628)</u>			<u>(7,628)</u>
Net Increase in Cash and Cash Equivalents	9,011		3,183	12,194
Cash and Cash Equivalents				
Beginning of year	<u>31,608</u>	<u> </u>	<u> </u>	<u>31,608</u>
End of year	<u>40,619</u>	<u> </u>	<u>3,183</u>	<u>43,802</u>

The accompanying notes are an integral part of these statements.

NAMI Louisiana
Statement of Functional Expenses
Year Ended June 30, 1999

	<u>Supporting Services</u>
Salaries	\$83,648
Payroll taxes	6,927
Rent	5,400
Insurance	590
Conference travel	12,940
Supplies	3,450
Printing and publications	7,338
Legal and accounting	9,823
Telephone	4,554
Dues and subscriptions	105
Postage	2,997
Other	18,221
Depreciation	879
Contract services	<u>13,922</u>
<u>Total</u>	<u>170,794</u>

The accompanying notes are an integral part of these statements.

NAMI Louisiana
Notes to Financial Statements
June 30, 1999

Note 1-Nature of Organization and Significant Accounting Policies

A. Nature and Purpose

NAMI Louisiana is a nonprofit entity organized for the purpose of providing a focal point for statewide mental illness activities and issues and to provide a central point for dissemination of information on activities and issues affecting persons with mental illness. The major programs include statewide support to family educators and support facilitators. This is accomplished by providing educational courses which present the Journey of Hope Program. The Journey of Hope Program is also made available to other state mentally ill associations.

B. Basis of Accounting

The organization utilizes the accrual method of accounting, wherein revenue is recognized as earned and expenses are recognized as they are incurred whether or not cash is received or paid out at that time.

C. Cash and Cash Equivalents

For the purposes of the statement of financial position presentation, cash equivalents are considered to be highly liquid investments with maturities of three months or less. At various times during the year cash and cash equivalents on deposit with one banking institution exceeded the \$100,000 insured by the Federal Deposit Insurance Corporation. Management monitors the financial condition of the financial institution on a regular basis, along with their balances in cash and cash equivalents to minimize this potential risk.

D. Uncollectible Revenue

NAMI Louisiana considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made.

E. Property and Equipment

Office equipment is recorded at original cost less an allowance for depreciation. Depreciation is recorded using the straight-line method over the assets' useful lives, which range from 5 - 7 years.

F. Income Taxes

NAMI Louisiana is classified as a nontaxable organization, not a private foundation, under Section 501(c)(3) of the Internal Revenue Code.

NAMI Louisiana
Notes to Financial Statements
June 30, 1999

Note 1-Nature of Organization and Significant Accounting Policies (Continued)

G. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

H. Grant Contracts

NAMI Louisiana depends significantly on grant contract reimbursements to carry out its program activities. This revenue is disclosed as program revenue on the statement of activities.

Grant revenue is recorded as related expenses are incurred, and the reimbursement requests are submitted to the grantor agency.

I. Functional Expenses

NAMI Louisiana allocates functional expenses primarily by specific identification of program expenses which include salaries of personnel assigned to specific programs.

Note 2-Related Party Transaction

NAMI Louisiana rents office space from a company owned by the Executive Director under an informal agreement. Total rent paid for the year ended June 30, 1999 was \$5,400.

Note 3-Unconditional Promises to Give

A. Temporarily Restricted

The Organization was named as a one-third beneficiary of the Anderson Charitable Remainder Unitrusts. Payments to the Organization will be made upon the death of the income recipients. Bank One Trust Company of Baton Rouge, Louisiana has been named as Trustee.

B. Permanently Restricted

Legacy of Hope is a trust established to fund the Organization with investment proceeds while protecting the principle. As of June 30, 1999, pledges had been made that will be paid over a period not to exceed two years.

NAMI Louisiana
Notes to Financial Statements
June 30, 1999

Note 4-Prior Period Adjustment

The prior period adjustment is the fair market value of the Organization's share of the Anderson Charitable Remainder Unitrusts at June 30, 1998.

Note 5-Statement of Cash Flows

In prior years, Journey of Hope was included in the financial statements of NAMI Louisiana. In 1999, management decided that Journey of Hope should be separated for financial statement purposes. While the organizations have always been separate entities, NAMI Louisiana no longer has a controlling or financial interest in Journey of Hope. At June 30, 1998, Journey of Hope had net assets of \$17,066.

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August 30, 1999

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**Report on Compliance and on Internal Control over Financial
Reporting based on an Audit of Financial Statements
Performed In Accordance With Government Auditing Standards**

The Officers and Board of Directors
NAMI Louisiana
Baton Rouge, Louisiana

Gentlemen:

We have audited the financial statements of NAMI Louisiana as of and for the year ended June 30, 1999, and have issued our report thereon dated August 30, 1999. 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 NAMI Louisiana'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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered NAMI Louisiana'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 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 for the information of management and the Louisiana Legislative Auditor, and is not intended to be and should not be used by anyone other than these specified parties.

Yours truly,

Hammons, Weymouth & Carroll, L.L.P.