

**FAMILIES HELPING FAMILIES OF ACADIANA, INC.  
Lafayette, Louisiana**

**AUDIT REPORT  
June 30, 2004**

**AULD & ASSOCIATES  
Certified Public Accountants  
112 Fountain Bend Drive  
Lafayette, Louisiana 70506  
E-mail auldcpa@hotmail.com**

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 2-9-05

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# AULD & ASSOCIATES

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## INDEPENDENT AUDITORS' REPORT ON THE BASIC FINANCIAL STATEMENTS

The Board of Directors  
Families Helping Families of Acadiana, Inc.  
Lafayette, Louisiana

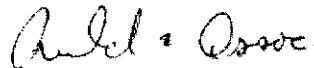
We have audited the accompanying statement of financial position of Families Helping Families of Acadiana, Inc., (a nonprofit organization) as of June 30, 2004, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization'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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to in the first paragraph present fairly in all material respects the financial position of Families Helping Families of Acadiana, Inc., as of June 30, 2004, and the changes in its net assets and its 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 November 30, 2004, on our consideration of the Organization'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.

AULD & ASSOCIATES



Certified Public Accountants

Lafayette, Louisiana  
November 30, 2004

**FAMILIES HELPING FAMILIES OF ACADIANA, INC.**

Lafayette, Louisiana

**STATEMENT OF FINANCIAL POSITION**

June 30, 2004

**ASSETS**

**CURRENT ASSETS**

Cash	\$	68,154.75
Certificate of Deposit		5,075.00
Accounts Receivable		<u>22,518.72</u>

**Total Current Assets** \$ 95,748.47

**PROPERTY AND EQUIPMENT**

Furniture and Equipment	\$	43,372.70
Less: Accumulated Depreciation		<u>(13,109.11)</u>

**Net Property and Equipment** 30,263.59

**TOTAL ASSETS** \$ 126,012.06

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Payroll Taxes Payable	\$	4,020.31
Capital Lease Payable, Current Portion		<u>4,511.35</u>

**Total Current Liabilities** \$ 8,531.66

**LONG-TERM LIABILITIES**

Capital Lease Payable, Net of Current Portion		14,566.74
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**NET ASSETS**

Unrestricted		<u>102,913.66</u>
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**Total Net Assets** \$ 102,913.66

**TOTAL LIABILITIES AND NET ASSETS** \$ 126,012.06

See accountants' report and accompanying notes to financial statements.

**FAMILIES HELPING FAMILIES OF ACADIANA, INC.**  
**Lafayette, Louisiana**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2004**

	<u>Unrestricted</u>
<b>REVENUE AND OTHER SUPPORT</b>	
Government Grants	\$ 273,701.84
Contributions	20,831.78
Other Grants	12,389.89
Fundraising	7,995.90
Other Income	<u>937.59</u>
<b>TOTAL REVENUE AND OTHER SUPPORT</b>	<b>\$ 315,856.80</b>
<b>FUNCTIONAL EXPENSES</b>	
Program Services	\$ 210,742.18
Management and General	73,747.84
Fundraising	<u>4,900.00</u>
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>\$ <u>289,390.02</u></b>
 <b>INCREASE IN NET ASSETS</b>	 <b>\$ 26,466.78</b>
 <b>NET ASSETS, BEGINNING OF YEAR</b>	 <u>76,446.88</u>
 <b>NET ASSETS, END OF YEAR</b>	 <b>\$ <u>102,913.66</u></b>

See accountants' report and accompanying notes to financial statements.

**FAMILIES HELPING FAMILIES OF ACADIANA, INC.**  
**Lafayette, Louisiana**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended June 30, 2004**

	<b>Program Services</b>	<b>Management and General</b>	<b>Fund- raising</b>	<b>Total</b>
Salaries	\$ 123,409.01	\$ 28,809.49	\$ -	\$ 152,218.50
Travel, Meals, and Lodging	20,383.76	5,287.55	-	25,671.31
Office Supplies	14,741.73	6,568.16	-	21,309.89
Payroll Taxes	11,678.11	3,305.37	-	14,983.48
Printing and Publications	7,563.12	583.73	-	8,146.85
Advertising	4,482.07	3,353.80	-	7,835.87
Contract Labor	6,395.08	1,184.64	-	7,579.72
Depreciation	-	6,985.80	-	6,985.80
Postage and Delivery	4,520.14	1,916.70	-	6,436.84
Telephone	4,253.03	2,103.49	-	6,356.52
Fundraising Expenses	-	-	4,900.00	4,900.00
Lease	2,979.15	1,694.91	-	4,674.06
Accounting	2,009.10	2,631.35	-	4,640.45
Repairs and Maintenance	1,793.12	2,337.40	-	4,130.52
Insurance	1,648.79	2,207.52	-	3,856.31
Training and Education	2,429.10	1,131.95	-	3,561.05
Utilities	827.16	1,010.65	-	1,837.81
Interest Expense	-	1,745.55	-	1,745.55
Stipends	918.71	-	-	918.71
Dues and Subscriptions	711.00	50.00	-	761.00
Taxes and Licenses	-	469.13	-	469.13
Penalties	-	266.10	-	266.10
Bank Charges	-	86.95	-	86.95
Miscellaneous	-	17.60	-	17.60
<b>Total Expenses</b>	<b>\$ 210,742.18</b>	<b>\$ 73,747.84</b>	<b>\$ 4,900.00</b>	<b>\$ 289,390.02</b>

See accountants' report and accompanying notes to financial statements.

**FAMILIES HELPING FAMILIES OF ACADIANA, INC.**  
**Lafayette, Louisiana**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended June 30, 2004**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Increase in Net Assets	\$ 26,466.78
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	6,985.80
Donated Assets	(2,899.33)
Decrease (Increase) in Operating Assets:	
Accounts Receivable	(2,100.24)
Prepaid Insurance	1,352.99
Increase (Decrease) in Operating Liabilities:	
Accounts Payable	(2,153.83)
Payroll Taxes	<u>1,066.83</u>
 <b>Net Cash Provided By Operating Activities</b>	 <b>\$ <u>28,719.00</u></b>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchase of Certificate of Deposit	\$ (75.00)
Purchases of Furniture and Equipment	<u>(4,993.41)</u>
 <b>Net Cash (Used In) Investing Activities</b>	 <b>\$ <u>(5,068.41)</u></b>
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Principal Payments on Capital Lease Obligation	<u>(3,766.45)</u>
 <b>Net Cash (Used In) Financing Activities</b>	 <b>\$ <u>(3,766.45)</u></b>
 <b>NET INCREASE IN CASH</b>	 <b>\$ 19,884.14</b>
 <b>CASH AT BEGINNING OF YEAR</b>	 <u>48,270.61</u>
 <b>CASH AT END OF YEAR</b>	 <b>\$ <u>68,154.75</u></b>
 <b>SUPPLEMENTAL INFORMATION:</b>	
Interest Paid	<u>\$ 1,745.55</u>
Non-Cash Investing and Financing Activities	
Property and Equipment acquired with non-cash contributions	<u>\$ 2,899.33</u>

See accountants' report and accompanying notes to financial statements.

**FAMILIES HELPING FAMILIES OF ACADIANA, INC.**

Lafayette, Louisiana

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2004

**NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES**

**NATURE OF ACTIVITIES**

Families Helping Families of Acadiana, Inc. (FHF) administers programs for the benefit of individuals with disabilities and families who have children with special needs. FHF is a resource center for information, referrals, education, training, and peer support for all persons with disabilities and their families. FHF also serves as a resource for professionals. FHF serves the Louisiana parishes of Acadia, Evangeline, Iberia, Lafayette, St. Landry, St. Martin, and Vermillion.

**FINANCIAL STATEMENT PRESENTATION**

The financial statements of FHF are prepared on the accrual basis of accounting. This means revenues are recognized when earned and expenses are recognized when incurred. Also, the 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*.

**PLANT ASSETS**

FHF capitalizes all plant assets with a cost, or value if donated, in excess of \$200. These assets are depreciated over a five or seven-year estimated useful life using the straight-line method.

**CASH AND CASH EQUIVALENTS**

For purposes of the Statement of Cash Flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

**ACCOUNTS RECEIVABLE**

Accounts receivable are considered collectible; accordingly, an allowance for doubtful accounts is not presented.

**USE OF ESTIMATES**

Financial statements are prepared in conformity with generally accepted accounting principles. These principles require management to make estimates and assumptions affecting certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**INCOME TAX STATUS**

FHF is exempt from federal income tax under Internal Revenue Code Section 501(c)(3). It is not a private foundation under Section 509(a)(2) of the Internal Revenue Code.



## FUNCTIONAL EXPENSE ALLOCATIONS

A summary of the costs of providing various program and supporting services is in the statement of functional expenses. Accordingly, certain costs are allocated between the programs and supporting services benefited.

## ADVERTISING COSTS

Advertising costs of \$7,835.87 were expensed as incurred.

## NOTE 2 - CONCENTRATIONS OF CREDIT RISK

Credit risk as to accounts receivable is limited because most of the balances are from governmental sources.

## NOTE 3 - RISKS AND UNCERTAINTIES

The State of Louisiana, through various departments and agencies, is the primary controller of revenue for FHF. In the future, financial problems of the State of Louisiana may result in reduced funding. It is possible certain programs may be severely affected by these declining revenues. However, management believes changes can be incorporated into the continuing operations without a catastrophic result.

## NOTE 4 - CAPITAL LEASE

FHF is leasing a photocopier recorded at a cost of \$24,139.20 and accumulated depreciation of \$6,437.12 as of June 30, 2004. The lease matures on February 18, 2008. The minimum future payments under this lease are as follows:

Year Ending June 30, 2005	\$6,013.08
Year Ending June 30, 2006	6,013.08
Year Ending June 30, 2007	6,013.08
Year Ending June 30, 2008	4,509.81
Year Ending June 30, 2009	<u>0.00</u>
Total	\$22,549.05
Less: amount representing interest at 9%	<u>3,470.96</u>
Present value of net minimum capital lease payments	\$19,078.09
Less: current portion	<u>4,511.35</u>
Obligation under capital lease, excluding current portion	<u>\$14,566.74</u>

## NOTE 5 - OPERATING LEASE

FHF leases office space from from an unrelated third party. The agreement is unwritten, on a month-to-month basis, and includes monthly rental payments of \$250 plus utilities.

# AULD & ASSOCIATES

Certified Public Accountants

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## INDEPENDENT AUDITORS' 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 Board of Directors  
Families Helping Families of Acadiana, Inc.  
Lafayette, Louisiana

We have audited the financial statements of Families Helping Families of Acadiana, Inc., (a nonprofit organization) as of and for the year ended June 30, 2004, and have issued our report thereon, dated November 30, 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 Families Helping Families of Acadiana, 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 Families Helping Families of Acadiana, 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. 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 Families Helping Families of Acadiana, Inc.'s ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable conditions are described below.

2004-1. FINDING: Due to the small number of employees, there is inadequate segregation of duties within the accounting system. In large organizations, segregation of duties is used to increase the integrity of the records. The effects of inadequate segregation of duties make it possible for someone to misuse Organization assets.

RECOMMENDATION: The Board of Directors of Families Helping Families of Acadiana, Inc., should closely monitor the day-to-day activities of the Organization and implement other control procedures until the agency has grown to the point where it is cost beneficial to develop an adequate system of internal control.


2004-2. FINDING: The employees involved in the accounting function have inadequate qualifications and training. For example, we observed that the Organization's books did not agree with the audited statements of June 30, 2003, because year-end adjusting entries were incomplete. This reveals a lack of knowledge of accounting and financial reports. We also noted other items which support the same conclusion.

RECOMMENDATION: Due to the limited resources and for continuity, the Organization should obtain an outside accounting firm with experience in not-for-profit record keeping. The accounting firm should be familiar with the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that the reportable conditions described above are material weaknesses.

This report is intended solely for the information and use of the Board of Directors and Management of Families Helping Families of Acadiana, Inc., applicable state and federal agencies, and the Louisiana Legislative Auditor. This report is not intended to be and should not be used by anyone other than these specified parties.

AULD & ASSOCIATES



Certified Public Accountants

Lafayette, Louisiana  
November 30, 2004



Families Helping Families of Acadiana

303 New Hope Road

Lafayette, LA 70506

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FAMILIES HELPING FAMILIES OF ACADIANA, INC.  
SUMMARY OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2004

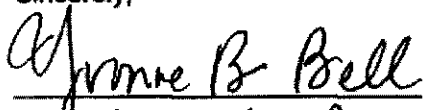
2003-01. Segregation of duties.

**Condition:** Due to the small number of employees, there is inadequate segregation of duties within the accounting system. In large organizations, segregation of duties is used to increase the integrity of the records. The effects of inadequate segregation of duties make it possible for someone to misuse the Organization's assets.

**Recommendation:** The Board of Directors of Families Helping Families of Acadiana, Inc. should closely monitor the day-to-day activities of the Organization and implement other control procedures until the agency has grown to the point where it is cost beneficial to develop an adequate system of internal control.

**Current Status:** The Organization has implemented the recommendation but the lack of segregation of duties continues to exist. As such, the Board will continue to perform the recommendation.

Sincerely,

  
Title Executive Director

Steve Jankower, President \* Roy Brown, Vice-President \* David Higginbotham, Treasurer \* Anita Ford, Secretary  
Tonia LeJaunie, Danny Cottonham, Marlene Meche, Joan Thibodeaux, Tony Hubble



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MANAGEMENT'S CORRECTIVE ACTION PLAN

January 31, 2005

Office of the Legislative Auditor  
State of Louisiana  
P. O. Box 94397  
Baton Rouge, LA 70804-9397

Re: Management's Corrective Action Plan

Dear Sirs:

Families Helping Families of Acadiana, Inc., respectfully submits the following corrective action plan for the year ended June 30, 2004.

The findings from the audit report dated November 30, 2004, are discussed below.

2004-01. Segregation of duties.

**Condition:** Due to the small number of employees, there is inadequate segregation of duties within the accounting system. In large organizations, segregation of duties is used to increase the integrity of the records. The effects of inadequate segregation of duties make it possible for someone to misuse Organization's assets.

**Recommendation:** The Board of Directors of Families Helping Families of Acadiana, Inc. should closely monitor the day-to-day activities of the Organization and implement other control procedures until the agency has grown to the point where it is cost beneficial to develop an adequate system of internal control.

**Action Taken:** At this time, the Board of Directors continues its policy of active involvement with the Executive Director and Staff.


2004-2. Inadequate qualifications and training.

**Condition:** The employees involved in the accounting function have inadequate qualifications and training. For example, we observed that the Organization's books did not agree with the audited statements of June 30, 2003, because year-end adjusting entries were incomplete. This reveals a lack of knowledge of accounting and financial reports. We also noted other items which support the same conclusion.

**Recommendation:** Due to the limited resources and for continuity, the Organization should obtain an outside accounting firm with experience in not-for-profit record keeping. The accounting firm should be familiar with the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Action Taken:** At this time, the Executive Director is making inquiries of outside accounting firms.

Should you have any additional questions regarding this plan, please do not hesitate to contact me at the above number.

  
Title Executive Director

Steve Jankower, President \* Roy Brown, Vice-President \* David Higginbotham, Treasurer \* Anita Ford, Secretary,  
Tonia LaJaunie, Danny Cottonham, Marlene Meche, Joan Thibodeaux, Tony Hubble