

**LOUISIANA UNITED METHODIST CHILDREN
AND FAMILY SERVICES, INC.
RUSTON, LOUISIANA**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY DATA
DECEMBER 31, 2017 AND 2016
AND
INDEPENDENT AUDITOR'S REPORT**

**REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT PERFORMED IN ACCORDANCE WITH
GOVERNMENT STANDARDS**

SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD

**LOUISIANA UNITED METHODIST CHILDREN
AND FAMILY SERVICES, INC.
RUSTON, LOUISIANA**

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AND FAMILY SERVICES, INC.
RUSTON, LOUISIANA**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY DATA
DECEMBER 31, 2017 AND 2016
AND
INDEPENDENT AUDITOR'S REPORT**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
Louisiana United Methodist Children
and Family Services, Inc.
Ruston, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of Louisiana United Methodist Children and Family Services, Inc., (a nonprofit organization) which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities and cash flows for the years then ended, as listed in the table of contents, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Louisiana United Methodist Children and Family Services, Inc. as of December 31, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards on Page 35 is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the financial statements. The schedules of additional details are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated June 12, 2018 on our consideration of Louisiana United Methodist Children and Family Services, Inc.'s internal control over financial statements 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 effectiveness of Louisiana United Methodist Children and Family Services, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Louisiana United Methodist Children and Family Services, Inc.'s internal control over financial reporting and compliance.

Gardner, Langston, and Bryan, CPAs



Monroe, Louisiana
June 12, 2018

**LOUISIANA UNITED METHODIST CHILDREN
AND FAMILY SERVICES, INC.**

**COMBINED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2017 AND 2016**

	General Operating Fund	Endowment Fund	Local Investment Fund	General Fixed Assets	Total All Funds 2017	Total All Funds 2016
ASSETS						
Current Assets						
Cash and cash equivalents	\$ 607,966	\$ 725,080	\$ 6,795,274	\$	\$ 8,128,320	\$ 7,788,237
Certificate of deposit			100,000		100,000	100,000
Accounts and cost reimbursement receivable (net)	4,555,684		902,262		5,457,946	5,400,455
Prepaid expenses and other	174,823	41,685	747		216,508 †	197,552
Promises to give - unrestricted (net)	5,300				5,300	3,020
Inventory	44,868				44,868	48,957
Total current assets	<u>\$ 5,388,641</u>	<u>\$ 766,765</u>	<u>\$ 7,798,283</u>	<u>\$ 0</u>	<u>\$ 13,952,942</u>	<u>\$ 13,538,221</u>
Long-Term Investments						
Stocks, bonds and notes	\$	\$ 35,995,339	\$ 40,340	\$	\$ 36,035,679	\$ 32,375,777
Investment property			521,936		521,936	521,936
Trust funds - temporarily restricted			1,917,483		1,917,483	1,657,265
Cash surrender value life insurance	423,905				423,905	404,997
Total long-term investments	<u>\$ 423,905</u>	<u>\$ 35,995,339</u>	<u>\$ 2,479,759</u>	<u>\$ 0</u>	<u>\$ 38,899,003</u>	<u>\$ 34,959,975</u>
Property and Equipment						
Land and improvements	\$	\$	\$	\$ 2,646,047	\$ 2,646,047	\$ 2,192,758
Property, plant and equipment				26,086,685	26,086,685	26,058,106
Less: Accumulated depreciation				(11,647,310)	(11,647,310)	(11,107,592)
Construction in progress				212,327	212,327	4,021
Total property and equipment	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 17,297,749</u>	<u>\$ 17,297,749</u>	<u>\$ 17,147,293</u>
Other Assets						
Utility deposits	\$	\$	\$ 8,871	\$	\$ 8,871	\$ 4,946
Total other assets	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 8,871</u>	<u>\$ 0</u>	<u>\$ 8,871</u>	<u>\$ 4,946</u>
Total Assets	<u>\$ 5,812,546</u>	<u>\$ 36,762,104</u>	<u>\$ 10,286,913</u>	<u>\$ 17,297,749</u>	<u>\$ 70,158,565</u>	<u>\$ 65,650,435</u>
LIABILITIES						
Current Liabilities						
Accounts payable	\$ 518,510	\$	\$ 189,793	\$	\$ 708,303	\$ 840,094
Accrued compensation	1,004,996				1,004,996	984,971
Other payables	747				0 †	0
Deferred revenue	7,627				7,627	0
Total current liabilities	<u>\$ 1,531,880</u>	<u>\$ 0</u>	<u>\$ 189,793</u>	<u>\$ 0</u>	<u>\$ 1,720,926</u>	<u>\$ 1,825,065</u>
Other Liabilities						
Retirement payable	\$ 166,483	\$	\$	\$	\$ 166,483	\$ 180,048
Total other liabilities	<u>\$ 166,483</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 166,483</u>	<u>\$ 180,048</u>
Total liabilities	<u>\$ 1,698,363</u>	<u>\$ 0</u>	<u>\$ 189,793</u>	<u>\$ 0</u>	<u>\$ 1,887,409</u>	<u>\$ 2,005,113</u>
NET ASSETS						
Unrestricted	\$ 4,052,221	\$ 35,629,591	\$ 8,166,385	\$ 17,297,749	\$ 65,145,946	\$ 60,969,336
Temporarily restricted	61,962	673,173	1,930,455		2,665,590	2,246,966
Permanently restricted		459,340	280		459,620	429,020
Total net assets	<u>\$ 4,114,183</u>	<u>\$ 36,762,104</u>	<u>\$ 10,097,120</u>	<u>\$ 17,297,749</u>	<u>\$ 68,271,156</u>	<u>\$ 63,645,322</u>
Total Liabilities and Net Assets	<u>\$ 5,812,546</u>	<u>\$ 36,762,104</u>	<u>\$ 10,286,913</u>	<u>\$ 17,297,749</u>	<u>\$ 70,158,565</u>	<u>\$ 65,650,435</u>

† After interfund payables/receivables have been eliminated.

The accompanying notes are an integral part of these statements.

**LOUISIANA UNITED METHODIST CHILDREN
AND FAMILY SERVICES, INC.**

**COMBINED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

	General Operating Fund	Endowment Fund	Local Investment Fund	General Fixed Assets	Total All Funds 2017	Total All Funds 2016
UNRESTRICTED REVENUE AND SUPPORT						
Contributions	\$ 992,944	\$	\$ 22,510	\$	\$ 1,015,454	\$ 1,121,673
Educational services	355,848				355,848	415,563
Children's home offerings	87,477				87,477	134,911
Wills and bequests			22,834		22,834	483,685
Child care support	17,335,667				17,335,667	16,630,604
Independent living services	447,504				447,504	177,823
Grants for child care	40,628				40,628	56,277
Family development services	127,222				127,222	151,508
Methodist foster care	1,721,232				1,721,232	1,266,218
Trust funds	214,200		59,419		273,619	152,148
Interest income	57,517	94,267	9,061		160,845	124,636
Dividend and pooled funds income	246	733,942	80,541		814,729	1,019,005
Miscellaneous	342,959	2,994			345,953	301,433
Net realized and unrealized gain (loss) on investments			(10,415)			
Other investment Income		3,848,440	4,204,067	301,843	4,139,868	1,089,048
					4,204,067	4,776,450
Total unrestricted revenue and support	<u>\$ 21,723,444</u>	<u>\$ 4,679,643</u>	<u>\$ 4,388,017</u>	<u>\$ 301,843</u>	<u>\$ 31,092,947</u>	<u>\$ 27,900,982</u>
NET ASSETS RELEASED FROM RESTRICTIONS						
Restrictions satisfied by payments (net)	<u>\$ 202,471</u>	<u>\$ 14,742</u>	<u>\$ 45,413</u>	<u>\$ 0</u>	<u>\$ 262,626</u>	<u>\$ 530,928</u>
EXPENSES						
Administrative and general	\$ 4,311,983	\$ 66,995	\$ 190,433	\$	\$ 4,569,411	\$ 5,001,751
Plant operation and maintenance	829,179				829,179	898,522
Medical and nursing	2,290,393				2,290,393	2,242,482
Dietary	1,294,771				1,294,771	1,305,855
W. A. J. Lewis building	1,608,753				1,608,753	1,656,760
Scott building	1,899,810				1,899,810	1,823,289
Residential group care	5,178,455				5,178,455	5,209,820
Recreational - PRTF	249,224				249,224	246,869
Educational services	1,033,360				1,033,360	1,049,452
Pastoral care	197,930				197,930	220,681
Family counseling center	682,607				682,607	656,417
Clinical services	1,685,819				1,685,819	1,710,091
Life skills services	554,771				554,771	231,308
Methodist foster care	2,206,030				2,206,030	1,702,500
Outdoor wilderness learning	682,775				682,775	613,599
Development and public relations	781,890				781,890	673,979
Family plus	446,941				446,941	971,486
Provision for depreciation				986,844	986,844	938,977
Loss on assets disposed					0	848
Total expenses	<u>\$ 25,934,691</u>	<u>\$ 66,995</u>	<u>\$ 190,433</u>	<u>\$ 986,844</u>	<u>\$ 27,178,963</u>	<u>\$ 27,154,686</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>\$ (4,008,776)</u>	<u>\$ 4,627,390</u>	<u>\$ 4,242,997</u>	<u>\$ (685,001)</u>	<u>\$ 4,176,610</u>	<u>\$ 1,277,224</u>
CHANGE IN NET ASSETS FROM OPERATIONS	<u>\$ (4,008,776)</u>	<u>\$ 4,627,390</u>	<u>\$ 4,242,997</u>	<u>\$ (685,001)</u>	<u>\$ 4,176,610</u>	<u>\$ 1,277,224</u>
OTHER CHANGES IN NET ASSETS						
Property and equipment acquisitions and transfers	(47,101)		(788,356)	835,457	0	0
Operating transfers	5,604,529	(1,654,529)	(3,950,000)		0	0
Endowment transfers		200,000	(200,000)		0	0
Transfer (to) from temporarily restricted net assets					0	0
CHANGE IN UNRESTRICTED NET ASSETS	<u>\$ 1,548,652</u>	<u>\$ 3,172,861</u>	<u>\$ (695,359)</u>	<u>\$ 150,456</u>	<u>\$ 4,176,610</u>	<u>\$ 1,277,224</u>
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS						
Net realized and unrealized gain (loss) on investments	\$	\$ 82,304	\$ 108,100	\$	\$ 190,404	\$ 52,994
Pooled funds income		18,481			18,481	26,103
Contributions, wills and bequests, grants	246,927		225,438		472,365	361,016
Net assets released from restrictions	(202,471)	(14,742)	(45,413)		(262,626)	(530,928)
Transfers (to) from unrestricted net assets		74,559	(74,559)		0	0
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS	<u>\$ 44,456</u>	<u>\$ 160,602</u>	<u>\$ 213,566</u>	<u>\$ 0</u>	<u>\$ 418,624</u>	<u>\$ (90,815)</u>
CHANGES IN PERMANENTLY RESTRICTED NET ASSETS						
Contributions	\$	\$	\$ 30,600	\$	\$ 30,600	\$ 43,190
Transfers (to) from unrestricted net assets		30,520	(30,520)		0	0
CHANGE IN PERMANENTLY RESTRICTED NET ASSETS	<u>\$ 0</u>	<u>\$ 30,520</u>	<u>\$ 80</u>	<u>\$ 0</u>	<u>\$ 30,600</u>	<u>\$ 43,190</u>
INCREASE (DECREASE) IN NET ASSETS	<u>\$ 1,593,108</u>	<u>\$ 3,363,983</u>	<u>\$ (481,713)</u>	<u>\$ 150,456</u>	<u>\$ 4,625,834</u>	<u>\$ 1,229,599</u>
NET ASSETS - BEGINNING OF YEAR	<u>2,521,075</u>	<u>33,398,121</u>	<u>10,578,833</u>	<u>17,147,293</u>	<u>63,645,322</u>	<u>62,415,723</u>
NET ASSETS - END OF YEAR	<u>\$ 4,114,183</u>	<u>\$ 36,762,104</u>	<u>\$ 10,097,120</u>	<u>\$ 17,297,749</u>	<u>\$ 68,271,156</u>	<u>\$ 63,645,322</u>

The accompanying notes are an integral part of these statements.

**LOUISIANA UNITED METHODIST CHILDREN
AND FAMILY SERVICES, INC.**

**COMBINED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

	General Operating Fund	Endowment Fund	Local Investment Fund	General Fixed Assets	Total All Funds 2017	Total All Funds 2016
CASH FLOWS (TO) FROM OPERATING ACTIVITIES						
Cash received from services	\$ 18,669,373	\$	\$	\$	\$ 18,669,373	\$ 19,200,913
Cash received from contributions and grants	1,220,392		476,246		1,696,638	1,332,976
Income from trust funds	184,508		59,419		243,927	155,148
Interest received	57,453	94,583	9,221		161,257	120,289
Dividends and pooled income	246	754,785	80,628		835,659	1,054,003
Receipts from investment properties			5,757,764		5,757,764	4,233,112
Miscellaneous receipts	322,849				322,849	277,502
Cash paid to employees, suppliers, deposits	(25,945,130)	(66,995)	(782,377)		(26,794,502)	(26,897,989)
Cash received from (to) other funds	1,532,454	(1,532,454)			0	0
Net cash provided (used) by operating activities	<u>\$ (3,957,855)</u>	<u>\$ (750,081)</u>	<u>\$ 5,600,901</u>	<u>\$ 0</u>	<u>\$ 892,965</u>	<u>\$ (524,046)</u>
CASH FLOWS (TO) FROM INVESTING ACTIVITIES						
Proceeds from sale of investments	\$	\$ 1,640,296	\$ 21,355	\$	\$ 1,661,651	\$ 4,122,244
Purchase of investments and CDs		(1,379,076)			(1,379,076)	(3,261,343)
Purchase of property and equipment (net)	(47,101)		(788,356)		(835,457)	(1,253,162)
Endowment transfers	4,072,075	183,004	(4,255,079)		0	0
Release of pledged securities					0	302,195
Net cash provided (used) by investing activities	<u>\$ 4,024,974</u>	<u>\$ 444,224</u>	<u>\$ (5,022,080)</u>	<u>\$ 0</u>	<u>\$ (552,882)</u>	<u>\$ (90,066)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS						
	\$ 67,119	\$ (305,857)	\$ 578,821	\$	\$ 340,083	\$ (614,112)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR						
	<u>540,847</u>	<u>1,030,937</u>	<u>6,216,453</u>	<u></u>	<u>7,788,237</u>	<u>8,402,349</u>
CASH AND CASH EQUIVALENTS - END OF YEAR						
	<u>\$ 607,966</u>	<u>\$ 725,080</u>	<u>\$ 6,795,274</u>	<u>\$ 0</u>	<u>\$ 8,128,320</u>	<u>\$ 7,788,237</u>
RECONCILIATION OF CHANGES IN NET ASSETS TO CASH PROVIDED BY OPERATING ACTIVITIES						
Change in net assets	\$ 1,593,108	\$ 3,363,983	\$ (481,713)	\$ 150,456	\$ 4,625,834	\$ 1,229,599
Adjustments to reconcile changes in net assets to net cash provided:						
Depreciation and amortization				986,844	986,844	938,977
Uncollectible pledges/receivables (net)	8,677				8,677	(11,229)
(Gain) Loss on abandoned or sold assets			794	(301,843)	(301,049)	1,730
Decrease (Increase) in receivables and promises to give	(1,458,193)	(316)	1,398,422		(60,087)	(1,526,895)
Decrease (Increase) in prepaid expenses and deposits	(38,348)		(3,047)		(41,395)	(1,169)
Decrease (Increase) in inventory	4,090				4,090	(14,594)
Increase (Decrease) in payables and accrued expenses	(33,459)		(84,246)		(117,705)	192,611
Realized and unrealized loss (gain) on investments		(3,930,744)	(98,479)		(4,029,223)	(1,142,924)
Purchase of property and equipment	47,101		788,356	(835,457)	0	0
Transfers to (from) other funds	(4,072,075)	(183,004)	4,255,079		0	0
Non-cash bequest to assets for sale or real estate	(8,756)		(174,265)		(183,021)	(190,152)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (3,957,855)</u>	<u>\$ (750,081)</u>	<u>\$ 5,600,901</u>	<u>\$ 0</u>	<u>\$ 892,965</u>	<u>\$ (524,046)</u>
INTEREST PAID	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
INCOME TAXES PAID	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,900</u>	<u>\$ 0</u>	<u>\$ 2,900</u>	<u>\$ 2,366</u>

The accompanying notes are an integral part of these statements.

**LOUISIANA UNITED METHODIST CHILDREN
AND FAMILY SERVICES, INC.**

**GENERAL OPERATING FUND
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2017 AND 2016**

ASSETS	<u>2017</u>	<u>2016</u>
Current Assets		
Cash and cash equivalents	\$ 607,966	\$ 540,847
Accounts and cost reimbursement receivables (net of \$1,409,800 and \$1,462,616 allowance for 2017 and 2016, respectively)	4,555,684	3,099,770
Unconditional promises to give (net of \$0 and \$0 allowance for 2017 and 2016, respectively)	5,300	3,020
Inventory	44,868	48,957
Prepaid expenses and other	<u>174,823</u>	<u>155,383</u>
Total current assets	<u>\$ 5,388,641</u>	<u>\$ 3,847,977</u>
Long-Term Investments		
Cash surrender value life insurance	<u>\$ 423,905</u>	<u>\$ 404,997</u>
Total long-term investments	<u>\$ 423,905</u>	<u>\$ 404,997</u>
Total Assets	<u>\$ 5,812,546</u>	<u>\$ 4,252,974</u>
LIABILITIES		
Current Liabilities		
Accounts payable	\$ 518,510	\$ 566,055
Accrued compensation	1,004,996	984,971
Due to Local Investment Fund	747	825
Deferred revenue	<u>7,627</u>	<u>0</u>
Total current liabilities	<u>\$ 1,531,880</u>	<u>\$ 1,551,851</u>
Other Liabilities		
Retirement payable	<u>\$ 166,483</u>	<u>\$ 180,048</u>
Total other liabilities	<u>\$ 166,483</u>	<u>\$ 180,048</u>
Total liabilities	<u>\$ 1,698,363</u>	<u>\$ 1,731,899</u>
NET ASSETS		
Unrestricted	\$ 4,052,221	\$ 2,503,569
Temporarily restricted	<u>61,962</u>	<u>17,506</u>
Total net assets	<u>\$ 4,114,183</u>	<u>\$ 2,521,075</u>
Total Liabilities and Net Assets	<u>\$ 5,812,546</u>	<u>\$ 4,252,974</u>

The accompanying notes are an integral part of these statements.

**LOUISIANA UNITED METHODIST CHILDREN
AND FAMILY SERVICES, INC.**

**GENERAL OPERATING FUND
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

	2017	2016
UNRESTRICTED REVENUE AND SUPPORT		
Contributions	\$ 992,944	\$ 988,306
Children's home offerings	87,477	134,911
Special events	94,100	61,912
Child care support	17,118,574	16,464,690
Independent living services	447,504	177,823
Federal subgrant for child care	40,628	56,277
Family plus program	78,056	41,974
Family development services	127,222	151,508
Medical and nursing	139,037	123,940
Methodist foster care	1,721,232	1,266,218
Trust funds	214,200	97,112
Interest income	57,517	28,180
Dividend income	246	187
Outdoor wilderness learning center	218,035	200,081
Educational services	355,848	415,563
Miscellaneous income	30,824	31,544
	<u>\$ 21,723,444</u>	<u>\$ 20,240,226</u>
NET ASSETS RELEASED FROM RESTRICTIONS		
Restrictions satisfied by payments (net)	\$ 202,471	\$ 195,624
EXPENSES		
Administrative and general	\$ 4,311,983	\$ 4,833,514
Plant operation and maintenance	829,179	898,522
Medical and nursing	2,290,393	2,242,482
Dietary	1,294,771	1,305,855
W. A. J. Lewis building	1,608,753	1,656,760
Scott building	1,899,810	1,823,289
Residential group care	5,178,455	5,209,820
Recreational - PRTF	249,224	246,869
Educational services	1,033,360	1,049,452
Pastoral care	197,930	220,681
Family counseling center	682,607	656,417
Clinical services	1,685,819	1,710,091
Life skills services	554,771	231,308
Methodist foster care	2,206,030	1,702,500
Outdoor wilderness learning center	682,775	613,599
Development and public relations	781,890	673,979
Capital expenditures	47,101	88,742
Family plus program	446,941	971,486
	<u>\$ 25,981,792</u>	<u>\$ 26,135,366</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>\$ (4,055,877)</u>	<u>\$ (5,699,516)</u>
NET ASSETS TRANSFERRED FROM OTHER FUNDS	<u>\$ 5,604,529</u>	<u>\$ 5,270,227</u>
CHANGE IN UNRESTRICTED NET ASSETS	<u>\$ 1,548,652</u>	<u>\$ (429,289)</u>
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS		
Income from Lincoln Health Foundation - grant	\$ 196,927	\$ 198,184
Contribution for post secondary education	50,000	0
Net assets released from restrictions	(202,471)	(195,624)
	<u>\$ 44,456</u>	<u>\$ 2,560</u>
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS	<u>\$ 44,456</u>	<u>\$ 2,560</u>
INCREASE (DECREASE) IN NET ASSETS	<u>\$ 1,593,108</u>	<u>\$ (426,729)</u>
NET ASSETS - BEGINNING OF YEAR	<u>2,521,075</u>	<u>2,947,804</u>
NET ASSETS - END OF YEAR	<u><u>\$ 4,114,183</u></u>	<u><u>\$ 2,521,075</u></u>

The accompanying notes are an integral part of these statements.

**LOUISIANA UNITED METHODIST CHILDREN
AND FAMILY SERVICES, INC.**

**GENERAL OPERATING FUND
STATEMENTS OF CASH FLOWS
AS OF DECEMBER 31, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
CASH FLOWS (TO) FROM OPERATING ACTIVITIES		
Cash received from services	\$ 18,669,373	\$ 19,200,913
Cash received from contributions	1,220,392	998,891
Income from trust funds	184,508	97,112
Interest received	57,453	28,038
Dividends received	246	187
Miscellaneous receipts	322,849	277,502
Transfer from other funds	1,532,454	1,499,622
Cash paid to employees and suppliers	<u>(25,945,130)</u>	<u>(25,879,586)</u>
Net cash provided (used) by operating activities	\$ <u>(3,957,855)</u>	\$ <u>(3,777,321)</u>
CASH FLOWS (TO) FROM INVESTING ACTIVITIES		
Purchase of property and equipment	\$ (47,101)	\$ (88,742)
Endowment transfers	<u>4,072,075</u>	<u>3,770,604</u>
Net cash provided (used) in investing activities	\$ <u>4,024,974</u>	\$ <u>3,681,862</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 67,119	\$ (95,459)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>540,847</u>	<u>636,306</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 607,966</u>	<u>\$ 540,847</u>
RECONCILIATION OF CHANGES IN NET ASSETS TO CASH PROVIDED BY OPERATING ACTIVITIES		
Change in net assets	\$ 1,593,108	\$ (426,729)
Adjustments to reconcile changes in net assets to net cash used by operating activities:		
Uncollectible pledges and receivables (net)	8,677	(11,229)
Noncash donations	(8,756)	(15,245)
(Increase) Decrease in accounts receivable and pledges	(1,458,193)	199,146
(Increase) Decrease in prepaid expenses	(19,440)	(8,652)
(Increase) Decrease in inventory	4,090	(14,594)
(Increase) Decrease in cash surrender value of life insurance	(18,908)	(18,192)
Increase (Decrease) in accounts payable	(47,545)	72,687
Increase (Decrease) in accrued wages	20,025	140,127
Increase (Decrease) in deferred revenue	7,627	0
Increase (Decrease) in retirement payable	(13,566)	(12,778)
Purchase of property and equipment	47,101	88,742
Transfer to (from) other funds	<u>(4,072,075)</u>	<u>(3,770,604)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ <u>(3,957,855)</u>	\$ <u>(3,777,321)</u>
INTEREST PAID	\$ <u>0</u>	\$ <u>0</u>
INCOME TAXES PAID	\$ <u>0</u>	\$ <u>0</u>

The accompanying notes are an integral part of these statements.

**LOUISIANA UNITED METHODIST CHILDREN
AND FAMILY SERVICES, INC.**

**ENDOWMENT FUND
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 725,080	\$ 1,030,937
Accrued interest and dividends	<u>41,685</u>	<u>41,369</u>
Total current assets	<u>\$ 766,765</u>	<u>\$ 1,072,306</u>
Long-Term Investments		
Investments - Depository Trust Company - custodian	\$ 17,426,375	\$ 15,460,834
Investments - Merrill Lynch - custodian	<u>18,568,964</u>	<u>16,864,981</u>
Total long-term investments	<u>\$ 35,995,339</u>	<u>\$ 32,325,815</u>
Total Assets	<u><u>\$ 36,762,104</u></u>	<u><u>\$ 33,398,121</u></u>
NET ASSETS		
Unrestricted	\$ 35,629,591	\$ 32,456,730
Temporarily restricted	673,173	512,571
Permanently restricted	<u>459,340</u>	<u>428,820</u>
Total Net Assets	<u><u>\$ 36,762,104</u></u>	<u><u>\$ 33,398,121</u></u>

The accompanying notes are an integral part of these statements.

**LOUISIANA UNITED METHODIST CHILDREN
AND FAMILY SERVICES, INC.**

**ENDOWMENT FUND
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
UNRESTRICTED REVENUE AND SUPPORT		
Dividend income	\$ 263,010	\$ 209,511
Interest income	94,267	89,003
Settlement income and other	2,994	7,896
Income from pooled funds	470,932	754,315
Realized and unrealized gain (loss) on investments	<u>3,848,440</u>	<u>1,089,930</u>
Total unrestricted revenue and support	<u>\$ 4,679,643</u>	<u>\$ 2,150,655</u>
NET ASSETS RELEASED FROM RESTRICTIONS		
Restrictions satisfied by payments (net)	<u>\$ 14,742</u>	<u>\$ 12,832</u>
EXPENSES		
Management and custody fees	<u>\$ 66,995</u>	<u>\$ 65,958</u>
Total expenses	<u>\$ 66,995</u>	<u>\$ 65,958</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>\$ 4,627,390</u>	<u>\$ 2,097,529</u>
OTHER CHANGES IN NET ASSETS		
Transfer (to) from Operating Fund	\$ (1,654,529)	\$ (3,578,747)
Transfer (to) from Local Investment Fund (net)	<u>200,000</u>	<u>2,058,520</u>
CHANGE IN UNRESTRICTED NET ASSETS	<u>\$ 3,172,861</u>	<u>\$ 577,302</u>
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS		
Net realized and unrealized gain (loss) on investments	\$ 82,304	\$ 14,145
Income from pooled funds	18,481	26,103
Net assets released from restrictions	(14,742)	(12,832)
Transfer (to) from Local Investment Fund (net)	<u>74,559</u>	<u>49,780</u>
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS	<u>\$ 160,602</u>	<u>\$ 77,196</u>
CHANGES IN PERMANENTLY RESTRICTED NET ASSETS		
Transfer (to) from Local Investment Fund	<u>\$ 30,520</u>	<u>\$ 45,080</u>
CHANGE IN PERMANENTLY RESTRICTED NET ASSETS	<u>\$ 30,520</u>	<u>\$ 45,080</u>
CHANGE IN NET ASSETS	<u>\$ 3,363,983</u>	<u>\$ 699,578</u>
NET ASSETS - BEGINNING OF YEAR	<u>33,398,121</u>	<u>32,698,543</u>
NET ASSETS - END OF YEAR	<u>\$ 36,762,104</u>	<u>\$ 33,398,121</u>

The accompanying notes are an integral part of these statements.

**LOUISIANA UNITED METHODIST CHILDREN
AND FAMILY SERVICES, INC.**

**ENDOWMENT FUND
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

	2017	2016
CASH FLOWS (TO) FROM OPERATING ACTIVITIES		
Interest received	\$ 94,583	\$ 84,997
Dividends and settlements received	266,004	217,407
Income from pooled funds	488,781	780,418
Transfers to operating fund	(1,532,454)	(1,499,622)
Cash paid to suppliers of services and taxes	(66,995)	(65,959)
Net cash provided (used) by operating activities	\$ (750,081)	\$ (482,759)
CASH FLOWS (TO) FROM INVESTING ACTIVITIES		
Proceeds from sale of securities	\$ 1,640,296	\$ 4,097,434
Transfer from local investment fund	183,004	74,256
Purchase of securities	(1,379,076)	(3,161,343)
Net cash provided (used) by investing activities	\$ 444,224	\$ 1,010,347
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ (305,857)	\$ 527,588
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	1,030,937	503,349
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 725,080	\$ 1,030,937
RECONCILIATION OF CHANGES TO NET ASSETS TO CASH PROVIDED BY OPERATING ACTIVITIES		
Change in net assets	\$ 3,363,983	\$ 699,578
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
(Increase) Decrease in receivables	(316)	(4,006)
Net realized and unrealized (gain) loss on investments	(3,930,744)	(1,104,075)
Transfers to (from) other funds	(183,004)	(74,256)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (750,081)	\$ (482,759)
INTEREST PAID	\$ 0	\$ 0
INCOME TAXES PAID	\$ 0	\$ 0

The accompanying notes are an integral part of these statements.

**LOUISIANA UNITED METHODIST CHILDREN
AND FAMILY SERVICES, INC.**

**LOCAL INVESTMENT FUND
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2017 AND 2016**

	2017	2016
ASSETS		
Current assets		
Cash and cash equivalents	\$ 6,795,274	\$ 6,216,453
Certificate of deposit	100,000	100,000
Accounts receivable	902,262	2,300,685
Due from Operations Fund	747	825
Prepaid expenses	0	800
Total current assets	\$ 7,798,283	\$ 8,618,763
Long-term investments		
Stocks and bonds	\$ 40,340	\$ 49,962
Louise Briley Leake Trust Fund - temporarily restricted	689,911	635,386
Hattye Jordan Trust Fund - temporarily restricted	251,981	228,913
Barbara Williamson Trust Fund - temporarily restricted	830,767	792,966
The Pomeroy Trust, LLC - temporarily restricted	135,486	0
R.D. Webb Property - temporarily restricted	9,338	0
Lorraine Howard Property	462,035	462,035
R.D. Shelley Property	801	801
L.V. Lindingham Property	100	100
A.P. White Property	59,000	59,000
Total long-term investments	\$ 2,479,759	\$ 2,229,163
Other assets		
Utility and rent deposits	\$ 8,871	\$ 4,946
Total other assets	\$ 8,871	\$ 4,946
Total Assets	\$ 10,286,913	\$ 10,852,872
LIABILITIES		
Current liabilities		
Accounts payable	\$ 189,793	\$ 274,039
Total current liabilities	\$ 189,793	\$ 274,039
NET ASSETS		
Unrestricted	\$ 8,166,385	\$ 8,861,744
Temporarily restricted	1,930,455	1,716,889
Permanently restricted	280	200
Total net assets	\$ 10,097,120	\$ 10,578,833
Total Liabilities and Net Assets	\$ 10,286,913	\$ 10,852,872

The accompanying notes are an integral part of these statements.

**LOUISIANA UNITED METHODIST CHILDREN
AND FAMILY SERVICES, INC.**

**LOCAL INVESTMENT FUND
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

	2017	2016
UNRESTRICTED REVENUE AND SUPPORT		
Loraine Howard Property (oil and gas, timber, rents)	\$ 4,451,268	\$ 5,363,333
R.D. Webb Property (oil and gas)	127,104	119,997
Shelley Property (oil and gas)	51,540	34,266
Thurman Property (oil and gas)	81,133	59,115
Ruston Campus Property (oil, gas, and timber)	0	39,851
Other investment property	643	509
Trust funds	59,419	55,036
Wills and bequests	22,834	483,685
Contributions and memorials	22,510	133,367
Dividend income	23,890	25,826
Interest income	9,061	7,453
Income from pooled funds	56,651	29,166
Net realized and unrealized gain (loss) in investments	(10,415)	(882)
Total unrestricted revenue and support	\$ 4,895,638	\$ 6,350,722
NET ASSETS RELEASED FROM RESTRICTIONS		
Restrictions satisfied by payments (net)	\$ 45,413	\$ 322,472
EXPENSES		
Administrative and general	\$ 187,533	\$ 99,913
Oil and gas expenditures	507,621	840,621
Capital expenditures	795,635	1,169,420
Income tax	2,900	2,366
Total expenses	\$ 1,493,689	\$ 2,112,320
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	\$ 3,447,362	\$ 4,560,874
OTHER CHANGES IN NET ASSETS		
Transfer (to) from General Operating Fund (net)	\$ (3,950,000)	\$ (3,750,000)
Transfer (to) from Endowment Fund (net)	(200,000)	0
Transfer (to) from Fixed Assets Fund (net)	7,279	5,000
Total other changes in net assets	\$ (4,142,721)	\$ (3,745,000)
CHANGE IN UNRESTRICTED NET ASSETS	\$ (695,359)	\$ 815,874
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS		
Net realized and unrealized gain (loss) in investments	\$ 108,100	\$ 38,849
Contributions and grants	73,321	104,104
Wills and bequests	152,117	58,728
Net assets released from restrictions	(45,413)	(322,472)
Transfer (to) from unrestricted net assets	(74,559)	(49,780)
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS	\$ 213,566	\$ (170,571)
CHANGES IN PERMANENTLY RESTRICTED NET ASSETS		
Contributions	\$ 30,600	\$ 43,190
Transfer (to) from Endowment Fund	(30,520)	(45,080)
CHANGE IN PERMANENTLY RESTRICTED NET ASSETS	\$ 80	\$ (1,890)
INCREASE (DECREASE) IN NET ASSETS	\$ (481,713)	\$ 643,413
NET ASSETS - BEGINNING OF YEAR	10,578,833	9,935,420
NET ASSETS - END OF YEAR	\$ 10,097,120	\$ 10,578,833

The accompanying notes are an integral part of these statements.

**LOUISIANA UNITED METHODIST CHILDREN
AND FAMILY SERVICES, INC.**

**LOCAL INVESTMENT FUND
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

	2017	2016
CASH FLOWS (TO) FROM OPERATING ACTIVITIES		
Cash received from contributions, wills and bequests	\$ 476,246	\$ 334,085
Income from trust funds	59,419	58,036
Interest received	9,221	7,254
Dividends and pooled funds	80,628	55,991
Receipts from investment properties	5,757,764	4,233,112
Cash paid to suppliers and utility deposits	<u>(782,377)</u>	<u>(952,444)</u>
Net cash provided (used) by operating activities	<u>\$ 5,600,901</u>	<u>\$ 3,736,034</u>
CASH FLOWS (TO) FROM INVESTING ACTIVITIES		
Transfer (to) from General Operating Fund (net)	\$ (3,950,000)	\$ (3,750,000)
Transfer (to) from Endowment Fund (net)	(305,079)	(94,860)
Capital purchases for Plant Fund (net)	(788,356)	(1,164,420)
Proceeds from sale of assets (net)	21,355	24,810
Purchase of certificates of deposit	0	(100,000)
Release of pledged certificates of deposit	<u>0</u>	<u>302,195</u>
Net cash provided (used) by investing activities	<u>\$ (5,022,080)</u>	<u>\$ (4,782,275)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>\$ 578,821</u>	<u>\$ (1,046,241)</u>
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>6,216,453</u>	<u>7,262,694</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 6,795,274</u>	<u>\$ 6,216,453</u>
RECONCILIATION OF CHANGES IN NET ASSETS TO CASH PROVIDED BY OPERATING ACTIVITIES		
Change in net assets	\$ (481,713)	\$ 643,413
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
(Gain) Loss on sale of assets	794	882
Non cash donation of stock, building, and equipment	(174,265)	(174,907)
(Increase) Decrease in receivables and promises to give	1,398,422	(1,722,035)
(Increase) Decrease in prepaid expense and other	(3,047)	25,675
Realized and unrealized (gain) loss on investments	(98,479)	(38,849)
Transfers to (from) other funds	4,255,079	3,844,860
Purchase of property and equipment (net)	788,356	1,164,420
Increase (Decrease) in accounts payable	<u>(84,246)</u>	<u>(7,425)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 5,600,901</u>	<u>\$ 3,736,034</u>
INTEREST PAID	<u>\$ 0</u>	<u>\$ 0</u>
INCOME TAXES PAID	<u>\$ 2,900</u>	<u>\$ 2,366</u>

The accompanying notes are an integral part of these statements.

**LOUISIANA UNITED METHODIST CHILDREN
AND FAMILY SERVICES, INC.**

**GENERAL FIXED ASSETS
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2017 AND 2016**

ASSETS	<u>2017</u>	<u>2016</u>
Property and equipment		
Autos, trucks, and buses	\$ 1,230,834	\$ 1,169,277
Tractors and ground equipment	361,739	336,898
Furniture, fixtures, and equipment	2,610,084	2,751,098
Building and improvements	21,884,028	21,800,833
Land and land improvements	<u>2,646,047</u>	<u>2,192,758</u>
	\$ 28,732,732	\$ 28,250,864
Less: Accumulated depreciation	<u>(11,647,310)</u>	<u>(11,107,592)</u>
	\$ 17,085,422	\$ 17,143,272
Construction in progress	<u>\$ 212,327</u>	<u>\$ 4,021</u>
Total Assets	<u><u>\$ 17,297,749</u></u>	<u><u>\$ 17,147,293</u></u>
 INVESTMENT IN GENERAL FIXED ASSETS		
Fund balance - General Fixed Assets	<u><u>\$ 17,297,749</u></u>	<u><u>\$ 17,147,293</u></u>

The accompanying notes are an integral part of these statements.

**LOUISIANA UNITED METHODIST CHILDREN
AND FAMILY SERVICES, INC.**

**GENERAL FIXED ASSETS
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
EXPENSES		
Provision for depreciation	\$ 986,844	\$ 938,977
(Gain) Loss on assets abandoned or sold	<u>(301,843)</u>	<u>848</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	\$ (685,001)	\$ (939,825)
ACQUISITION OF PROPERTY AND EQUIPMENT WITH		
Transfers from other funds	<u>\$ 835,457</u>	<u>\$ 1,253,162</u>
CHANGE IN NET ASSETS	\$ 150,456	\$ 313,337
NET ASSETS - BEGINNING OF YEAR	<u>17,147,293</u>	<u>16,833,956</u>
NET ASSETS - END OF YEAR	<u><u>\$ 17,297,749</u></u>	<u><u>\$ 17,147,293</u></u>

The accompanying notes are an integral part of these statements.

**LOUISIANA UNITED METHODIST CHILDREN
AND FAMILY SERVICES, INC.**

**GENERAL FIXED ASSETS
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

	2017	2016
CASH FLOWS (TO) FROM OPERATING ACTIVITIES		
Cash transfers (to) from other funds	\$ 0	\$ 0
Net cash provided (used) by operating activities	\$ 0	\$ 0
CASH FLOWS (TO) FROM INVESTING ACTIVITIES		
Proceeds from sale of assets	\$ 0	\$ 0
Net cash provided (used) by investing activities	\$ 0	\$ 0
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	\$ 0	\$ 0
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 0	\$ 0
RECONCILIATION OF CHANGES IN NET ASSETS TO CASH PROVIDED BY OPERATING ACTIVITIES		
Change in net assets	\$ 150,456	\$ 313,337
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	986,844	938,977
(Gain) Loss on assets abandoned or sold	(301,843)	848
Transfers (from) other funds	(835,457)	(1,253,162)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 0	\$ 0
INTEREST PAID	\$ 0	\$ 0
INCOME TAXES PAID	\$ 0	\$ 0

Non cash transactions - During 2017, three (3) vehicles were traded in for consideration totaling \$2,800 on the purchase price of acquired vehicles. On July 10th, 2017 the Organization exchanged real estate with the City of Ruston that resulted in a recognized gain of \$418,912.

**LOUISIANA UNITED METHODIST CHILDREN
AND FAMILY SERVICES, INC.**

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Purpose

Louisiana United Methodist Children and Family Services, Inc. is a Louisiana non-profit corporation owned by the Louisiana Annual Conference of the United Methodist Church. All powers and authority of Louisiana United Methodist Children and Family Services, Inc. (the Organization) shall be vested in and exercised by a Board of Directors and the property, business, and affairs of the corporation shall be managed under the direction of the Board. The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

Louisiana United Methodist Children and Family Services, Inc. (sometimes doing business as "The Louisiana Methodist Children's Home") seeks to minister to the diverse needs of Louisiana's children and families experiencing stress, brokenness, and other special circumstances. The Organization was formed for educational, eleemosynary, literary, scientific, and charitable objectives and purpose. The Organization develops, administers, and operates various residential and outpatient programs. These programs provide valuatve, therapeutic, educational, recreational, and social services for the youth and their families.

The Lorraine Howard Educational Center (a.k.a., Howard School) located on the grounds of Louisiana Methodist Children's Home in Ruston is a Louisiana Department of Education (LDOE) "Top Gains" alternative school. Fully licensed by LDOE as an alternative school, Howard School provides quality educational services to residents of the Organization and to select students from Lincoln Parish at the request of the Lincoln Parish School Board.

On December 1, 2015, Louisiana's Department of Health and Hospitals terminated the Louisiana Behavioral Health Partnership, a managed Medicaid - funded behavioral healthcare system controlled by Magellan of Louisiana, and transferred the management of behavioral healthcare into Bayou Health, a more complex managed care system for all Medicaid - funded services. Bayou Health is controlled by five insurance companies which were contracted by Louisiana's Department of Health and Hospitals.

In 2016 Bayou Health changed to Healthy Louisiana. Healthy Louisiana is managed by five independent managed care organizations which are contracted by Louisiana Department of Health. Louisiana United Methodist Children and Family Services, Inc. provides psychiatric residential treatment facility services under network provider agreements with two of the Healthy Louisiana managed care organizations and through the use of Single Case Agreements with the other three Healthy Louisiana managed care organizations.

Methodist Foster Care

Therapeutic Foster Care is a family-based service which allows a child to live in a home with trained Therapeutic Foster Care Parents while receiving intensive treatment from community-based providers of mental health services for their emotional and behavioral needs. Therapeutic Foster Care gives a child a supportive family setting until the natural family can be reunited or a permanent placement can be arranged for the child.

November 25, 2015, the Organization created the Methodist Foster Care program and entered into a contract with the Louisiana Department of Children and Family Services to provide Therapeutic Foster Care to children in the custody of that department. The Organization received the Child Placing License on December 1, 2015.

**LOUISIANA UNITED METHODIST CHILDREN
AND FAMILY SERVICES, INC.**

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

The Organization receives a significant portion of its revenue from grants/contracts from government agencies; thus, the Organization is subject to possible cutbacks due to changes in funding priorities. During 2017 and 2016, the Organization received approximately sixty-two percent (62%) and sixty-four percent (64%), respectively, of its gross public support from such grants/contracts.

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Codification 958, *Financial Statements for Not-for-Profit Organizations*. Under Accounting Standards Codification 958, the Organization 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. There were \$459,620 and \$429,020 of permanently restricted assets held as of December 31, 2017 and 2016, respectively.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Organization considers all unrestricted highly liquid investments with a maturity of six (6) months or less to be cash and cash equivalents.

Certificates of Deposit (See Note 9)

The Organization had three (3) certificates of deposit as of December 31, 2017 that were unrestricted funds:

	2017	2016
Local Investment Fund		
Cash and cash equivalents		
Bank of Ruston, Ruston Louisiana, dated February 22, 2017, maturing February 23, 2018, .50% annual percentage rate, interest credited monthly.	\$ 100,000	\$ 100,000
First National Bank Toma Lodge, Ruston, Louisiana, dated February 22, 2017, maturing February 22, 2018, .50% annual percentage rate, interest paid on maturity.	100,000	100,000
Cash and cash equivalents	\$ 200,000	\$ 200,000
Certificate of deposit		
Origin Bank, Ruston, Louisiana, dated June 22, 2017, maturing August 22, 2018, .40% annual percentage rate, interest paid on maturity.	\$ 100,000	\$ 100,000

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. This will affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates include those assumed in valuing promises to give, the market values of investments, expected return on investments, estimated life expectancies, and the useful lives of depreciable assets. It is at least possible that the significant estimates will change within the next year.

Accounts Receivable

Louisiana United Methodist Children and Family Services, Inc. routinely grants clients and clients' families credit for their services. The Organization also receives pledges that represent receivables.

**LOUISIANA UNITED METHODIST CHILDREN
AND FAMILY SERVICES, INC.**

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

The policy for charging off uncollectible client service receivables is as follows: A monthly collection notice will be sent for two months with a follow-up call from the accounting bookkeeper in the second month. If the client account remains open for a third month a letter from the vice president is sent. If the child is in one of the residential programs this will not jeopardize their continued placement. If an account is greater than \$1,500 a letter from the Organization's attorney will be sent to the family requesting payment with further legal action as needed. Accounts less than \$1,500 will be turned over to a collection agency. Debts for client care will be written off only when all reasonable attempts at recovery have been taken and it is not cost effective to continue the process.

The policy for charging off uncollectible pledge receivables is as follows: Contributors who make pledges will be sent reminders from the development department. If the pledge is not given in the time specified or within one year thereafter, the account will be recommended to the president/CEO of the Organization for write off.

An allowance for uncollectible accounts related to services and cost reimbursement totaled \$1,409,800 and \$1,462,616 as of December 31, 2017 and 2016, respectively. Also, an allowance related to accounts for unconditional promises to give totaled none and \$1,000 as of December 31, 2017 and 2016, respectively.

The president/CEO or his/her designee must approve all debts for write off after being satisfied that the recovery procedures have been complied with and that all reasonable attempts at recovery have been satisfied.

As of December 31, 2017 and 2016, Louisiana United Methodist Children and Family Services, Inc.'s accounts receivable contains \$56,792 and \$182,136, respectively, due from the Lincoln Parish School Board for the state and local funds for educational services provided to resident and non-resident students of Howard School. For 2017, this receivable is the net amount of federal, state, and local funding derived from the Louisiana Department of Education's October 1, 2016, and February 1, 2017, student counts at Howard School less actual services and benefits received from the Lincoln Parish School Board. For 2016, the Louisiana Department of Education's October 1, 2015, and February 1, 2016, student counts were used.

Donated Property and Services

Donated securities and property are recognized at fair market value at the time the assets are made available to the Organization. No amounts have been reflected in the financial statements for donated services. The Organization pays for most services requiring specific expertise.

Inventory

Purchased inventory is stated at cost. Donated inventory is stated at approximate fair market value at the time of donation.

Unused Letter of Credit - Origin Bank

The State of Louisiana has required that the Organization restrict cash reserves by purchasing three (3) one hundred thousand dollars (\$100,000) certificates of deposit. The reserves are based upon the fact that the Organization has three (3) locations for a total reserve of three hundred thousand dollars (\$300,000). During the prior year the Organization received an outstanding approval for a \$300,000 line of credit from Origin Bank through October 31, 2017 that released the certificates of deposits from the State of Louisiana restriction. During the current year the Organization received an approval for a \$300,000 line of credit from Origin Bank through October 31, 2018. The Organization has not borrowed from this line of credit as of December 31, 2017.

**LOUISIANA UNITED METHODIST CHILDREN
AND FAMILY SERVICES, INC.**

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Property and Equipment

Fixed assets are recorded at cost if purchased or market value at time of donation. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets ranging from three (3) to fifty (50) years.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized.

Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

The Organization primarily receives unrestricted contributions with the exception of certain bequests of future interest in testamentary trusts; these net assets are temporarily restricted by the donor until the trust matures at some future date and unconditional promises to give to be received in future periods.

Unconditional promises to give are recognized as revenues or gains in the period received as assets, decreases in liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Interest and Penalties

The Organization paid \$339 and \$1,728 in penalties for the years ended December 31, 2017 and 2016, respectively.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities.

Costs are allocated between fund raising, management and general or the appropriate program based on evaluations of the related benefits. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Credit Risk

The Organization maintains cash accounts in various institutions with locations in Ruston, Louisiana. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2017 and 2016, the Organization had no uninsured cash balances, but held \$7,669,311 and \$4,025,206, respectively, in securities purchased with an obligation to sell.

**LOUISIANA UNITED METHODIST CHILDREN
AND FAMILY SERVICES, INC.**

NOTES TO FINANCIAL STATEMENTS

NOTE 2 - DEFINED CONTRIBUTION PLAN

Louisiana United Methodist Children and Family Services, Inc. sponsors employees regularly working more than 1,040 hours per year with more than twelve (12) months of service in the Lay Employee's Pension Fund of the United Methodist Church whereby it matches the employee's three percent (3%) minimum contribution two for one for a total cost to the Corporation of six percent (6%) of participating employees' gross earnings. Contributions by the Organization totaled \$491,545 for 2017 and \$406,551 for 2016. The Organization also funds the minister's retirement with the Louisiana Annual Conference. Contributions by the Organization totaled \$7,686 and \$8,168 during 2017 and 2016, respectively.

NOTE 3 - INVESTMENTS

The Organization's investments and certain cash and cash equivalents are held primarily by a national investment banking and financial services company and managed by an investment advisor in accordance with the terms of an investment advisory agreement.

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the statement of financial position. Pursuant to Accounting Standards Codification 958, Financial Statements of Not-For-Profit Organizations, gains and losses on investments are reported in the statement of activities as increases or decreases in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor stipulations or by law. Investments in unlisted securities where market is not readily attainable are carried at cost. A recap of such debt and equity securities is shown below and on the following page.

	<u>Cost Basis</u>	<u>Fair Market Basis</u>	<u>Unrealized Gain (Loss)</u>
2017 Local Investment Fund			
Equity securities - cost or donated value	\$ 49,962	\$ 40,340	\$ (9,622)
Net income - Local Investment Fund			
Interest		\$ 9,061	
Dividends		23,955	
		<u>\$ 33,016</u>	

2017 INVESTMENTS ENDOWMENT FUND

	<u>Cost Basis</u>	<u>Fair Market Basis</u>	<u>Unrealized Gain (Loss)</u>	<u>Weighted Current Yield</u>
Argent Trust Company - Ruston, LA				
Cash Equivalents	\$ 490,963	\$ 490,963		1.12%
Mutual Funds				
Mutual Funds - Int'l Equity	\$ 77,078	\$ 128,442	\$ 51,364	.54%
Mutual Funds - Equity	923,426	1,625,505	702,079	1.75%
Total Mutual Funds	<u>\$ 1,000,504</u>	<u>\$ 1,753,947</u>	<u>\$ 753,443</u>	
Equities				
Common Stock	\$ 7,089,297	\$ 10,528,505	\$ 3,439,208	2.02%
Foreign Equities	114,981	181,097	66,116	2.30%
Total Equities	<u>\$ 7,204,278</u>	<u>\$ 10,709,602</u>	<u>\$ 3,505,324</u>	

**LOUISIANA UNITED METHODIST CHILDREN
AND FAMILY SERVICES, INC.**

NOTES TO FINANCIAL STATEMENTS

NOTE 3 - INVESTMENTS (Cont'd)

2017 INVESTMENTS ENDOWMENT FUND

Argent Trust Company - Ruston, LA (Cont'd)	Face Amount	Cost Basis	Fair Market Basis	Unrealized Gain (Loss)	Weighted Current Yield
Corporate Bonds					
AGL Capital Corp @ 5.25% due 08/15/19	\$ 55,000	\$ 57,627	\$ 57,197	\$ (430)	5.05%
AIG Global Funding Dtd 10/18/17 @ 0.00% 10/18/19	75,000	74,931	74,352	(579)	0.00%
American Express Centurion Bank @2.35% due 10/07/20	70,000	70,000	70,100	100	2.35%
American Honda Finance Corp @ 1.70% due 09/09/21	150,000	149,757	146,097	(3,660)	1.75%
AT&T Inc Sr Gbl NT @ 1.75% due 01/15/18	75,000	74,585	74,979	394	1.75%
AT&T, Inc 12/01/17 @ 4.3% due 02/15/30 Callable 11/15/29	102,000	100,045	101,715	1,670	4.31%
Bank of Montreal @ 1.90% due 08/27/21	75,000	74,885	73,420	(1,465)	1.94%
Bank of New York Mellon @ 2.10% due 08/01/18	50,000	50,022	50,048	26	2.10%
Bank of Nova Scotia @2.05% due 10/30/18	50,000	50,030	50,050	20	2.05%
Biogen Inc @ 2.90% due 09/15/20	75,000	77,583	76,022	(1,561)	2.86%
Burlington Northern Santa Fe LLC @ 4.70% due 10/01/19	75,000	79,966	78,176	(1,790)	4.51%
Cardinal Health, Inc @ 2.40% due 11/15/19	75,000	75,728	74,955	(773)	2.40%
Comcast Corp @ 5.875% due 02/15/18	100,000	99,898	100,516	618	5.84%
Commonwealth BK Australia @ 2.85% due 05/18/26	75,000	74,966	73,004	(1,962)	2.93%
CSX Corp Sr Gbl Nt @ 2.60% due 11/01/26	50,000	49,816	47,714	(2,102)	2.72%
Delta Air Lines, Inc 03/14/17 @ 3.625% due 03/15/22 Callable 02/15/22	50,000	49,993	50,864	871	3.56%
Dow Chemical Co @ 8.55% due 05/15/19	75,000	81,251	81,239	(12)	7.89%
Duke Energy Indiana Inc @ 3.75% due 07/15/20	65,000	66,986	67,417	431	3.62%
Edwards Lifesciences Corp @ 2.875% due 10/15/18	50,000	50,022	50,338	316	2.86%
Entergy Louisiana, LLC @ 2.4% due 10/01/26	50,000	59,768	56,797	(2,971)	2.54%
Florida Power Corp @ 3.10% due 08/15/21	75,000	78,613	76,675	(1,938)	3.03%
Goldman Sachs Group, Inc. Dtd 10/31/17 @ 2.876% 10/31/22	75,000	75,000	74,785	(215)	2.88%
iShares Intermediate Gov/Credit Bond EFT	2,750	305,037	301,840	(3,197)	1.91%
iShares Intermediate Credit Bond ETF	1,100	119,704	120,131	427	2.51%
JP Morgan Chase & Co @ 3.375% due 05/01/23	75,000	71,509	76,234	4,725	3.32%
Medco Health Solutions, Inc @ 7.125% due 03/15/18	150,000	154,125	151,516	(2,609)	7.05%
Michael Kors USA Inc Dtd 10/20/17 @ 4.0% 11/01/24	75,000	75,607	75,679	72	3.96%
Microsoft Corp @ 4.0% due 02/08/21	250,000	252,325	262,625	10,300	3.81%
Morgan Stanley @ 2.125% due 04/25/18	50,000	49,794	50,026	232	2.12%
New York NY City Transitional Fin A Future Tax Secured Sub @ 1.30% due 05/01/20	75,000	75,000	73,532	(1,468)	1.33%
Norfolk Southern Corp @ 5.9% due 06/15/19	50,000	52,494	52,564	70	5.61%
Oracle Corp @ 2.25% due 10/08/19	75,000	74,976	75,339	363	2.24%
Pepsico Inc @ 3.60% due 03/01/24	65,000	64,980	68,162	3,182	3.43%
Qualcomm Incorporated Dtd 5/26/17 @ 2.10% 05/20/20	75,000	74,996	74,684	(312)	2.11%
Simon Property Group LP @ 2.20% due 02/01/19	50,000	49,981	50,048	67	2.20%
Stryker Corp @ 4.375% due 01/15/20	65,000	68,000	67,567	(433)	4.21%
Toyota Motor Credit Corp @ 2.0% due 10/24/18	50,000	50,005	50,062	57	2.00%
Union Electric Company @ 3.50% due 04/15/24	75,000	80,437	77,763	(2,674)	3.38%
Vanguard Short-term Bond Index Fund ETF	3,750	299,448	296,624	(2,824)	1.64%
Visa Inc Dtd 12/14/15 @ 2.80% 12/14/22	75,000	75,646	76,099	453	2.76%
Wells Fargo & Co New Sr Gbl Nt @ 3.00% due 04/22/26	60,000	59,821	58,866	(955)	3.06%
Total Corporate Bonds		\$ 3,675,357	\$ 3,665,821	\$ (9,536)	
U.S. Government Securities					
US Treasury Note @ 2.25% due 11/15/24	100,000	\$ 100,394	\$ 99,502	\$ (892)	2.26%
GNMA Pool #728921 @ 4.50% due 12/15/24	38,223	40,152	40,516	364	4.25%
Federal Home Loan Bank @1.125% due 04/28/21	150,000	149,666	149,613	(53)	1.13%
Federal Home Loan Bank @ 1.00% due 08/28/18	150,000	150,000	149,309	(691)	1.00%
Federal Home Loan Mortgage Corp @ 3.0% due 07/01/31	126,131	133,068	128,561	(4,507)	2.94%
Federal Farm Credit Bank @ 1.23% due 01/25/19	125,000	125,000	124,248	(752)	1.24%
Federal Farm Credit Bank @ 1.30% due 06/06/19	150,000	149,931	148,392	(1,539)	1.31%
Federal Farm Credit Bank @ 1.625% due 10/05/21	120,000	120,000	117,419	(2,581)	1.66%
Federal Farm Credit Bank Dtd 10/04/16 @ 1.73% 01/04/23	45,000	43,430	43,673	243	1.78%
Federal Home Loan Mortgage Corp @ 1.25% due 08/25/21	150,000	150,000	148,163	(1,837)	1.27%
Federal National Mortgage Assn @ 1.45% due 09/15/20	150,000	150,000	147,608	(2,392)	1.47%
Total Fixed Income Securities		\$ 4,986,998	\$ 4,962,825	\$ (24,173)	
The United Methodist Foundation of LA					
Cash Equivalents		\$ 234,117	\$ 234,117		1.00%
Pooled Income Funds		\$18,615,157	\$ 18,568,965	\$ (46,192)	1.00%
Endowment Fund Total Investments Without Cash Equivalents		\$31,806,937	\$ 35,995,339	\$ 4,188,402	
TOTAL STOCKS, BONDS, AND NOTES		\$31,856,899	\$ 36,035,679	\$ 4,178,780	

**LOUISIANA UNITED METHODIST CHILDREN
AND FAMILY SERVICES, INC.**

NOTES TO FINANCIAL STATEMENTS

NOTE 3 - INVESTMENTS (Cont'd)

	<u>Cost Basis</u>	<u>Fair Market Basis</u>	<u>Unrealized Gain (Loss)</u>
2016 Local Investment Fund			
Equity securities - cost or donated value	\$ 49,962	\$ 49,962	\$ 0
Net income - Local Investment Fund			
Interest		\$ 7,453	
Dividends		<u>25,826</u>	
		<u>\$ 33,279</u>	

2016 INVESTMENTS ENDOWMENT FUND

	<u>Cost Basis</u>	<u>Fair Market Basis</u>	<u>Unrealized Gain (Loss)</u>	<u>Weighted Current Yield</u>
<u>Argent Trust Company - Ruston, LA</u>				
Cash Equivalents	<u>\$ 799,146</u>	<u>\$ 799,146</u>		0.42%
Mutual Funds				
Mutual Funds - Int'l Equity	\$ 77,078	\$ 90,391	\$ 13,313	0.69%
Mutual Funds - Equity	940,425	1,461,584	521,159	1.69%
Mutual Funds - Fixed Income	<u>138,243</u>	<u>137,312</u>	<u>(931)</u>	1.77%
Total Mutual Funds	<u>\$ 1,155,746</u>	<u>\$ 1,689,287</u>	<u>\$ 533,541</u>	
Equities				
Common Stock	\$ 7,502,591	\$ 9,577,853	\$ 2,075,262	2.03%
Foreign Equities	<u>114,981</u>	<u>141,254</u>	<u>26,273</u>	2.51%
Total Equities	<u>\$ 7,617,572</u>	<u>\$ 9,719,107</u>	<u>\$ 2,101,535</u>	

**LOUISIANA UNITED METHODIST CHILDREN
AND FAMILY SERVICES, INC.**

NOTES TO FINANCIAL STATEMENTS

NOTE 3 - INVESTMENTS (Cont'd)

2016 INVESTMENTS ENDOWMENT FUND

Argent Trust Company - Ruston, LA (Cont'd)	Face Amount	Cost Basis	Fair Market Basis	Unrealized Gain (Loss)	Weighted Current Yield
Corporate Bonds					
Agl Capital Corp @ 5.25% due 08/15/19	\$ 55,000	\$ 58,887	\$ 58,929	\$ 42	4.90%
American Express Centurion Bank @2.35% due 10/07/20	70,000	70,000	71,473	1,473	2.30%
American Honda Finance Corp @ 1.70% due 09/09/21	150,000	149,700	144,759	(4,941)	1.76%
AT&T Inc @ 3.0% due 02/15/22	100,000	100,055	99,024	(1,031)	3.03%
AT&T Inc Sr Gbl NT @ 1.75% due 01/15/18	75,000	73,773	75,046	1,273	1.75%
Baidu Inc. @ 3.25% due 08/06/18	65,000	65,673	66,098	425	3.20%
Bank of Montreal @ 1.90% due 08/27/21	75,000	74,858	72,676	(2,182)	1.96%
Bank of New York Mellon @ 2.10% due 08/01/18	50,000	50,043	50,398	355	2.08%
Bank of Nova Scotia @2.05% due 10/30/18	50,000	50,060	50,201	141	2.04%
Biogen Inc @ 2.90% due 09/15/20	75,000	78,415	75,956	(2,459)	2.86%
Burlington Northern Santa Fe LLC @ 4.70% due 10/01/19	75,000	82,400	80,657	(1,743)	4.37%
Cardinal Health, Inc @ 2.40% due 11/15/19	75,000	76,081	75,547	(534)	2.38%
Comcast Corp @ 5.875% due 02/15/18	100,000	99,703	104,850	5,147	5.60%
Commonwealth BK Australia @ 2.85% due 05/18/26	75,000	74,962	71,520	(3,442)	2.99%
CSX Corp Sr Gbl Nt @ 2.60% due 11/01/26	50,000	49,798	46,806	(2,992)	2.78%
Dow Chemical Co @ 8.55% due 05/15/19	75,000	85,274	85,956	682	7.46%
Duke Energy Indiana Inc @ 3.75% due 07/15/20	65,000	67,614	68,205	591	3.57%
Edwards Lifesciences Corp @ 2.875% due 10/15/18	50,000	50,043	50,751	708	2.83%
Entergy Louisiana, LLC @ 2.4% due 10/01/26	60,000	59,746	55,988	(3,758)	2.57%
Florida Power Corp @ 3.10% due 08/15/21	75,000	79,467	76,911	(2,556)	3.02%
iShares Intermediate Credit Bond ETF	1,100	119,704	119,009	(695)	2.45%
JP Morgan Chase & Co @ 3.375% due 05/01/23	75,000	70,959	74,731	3,772	3.39%
Medco Health Solutions, Inc @ 7.125% due 03/15/18	150,000	162,279	158,838	(3,441)	6.73%
Microsoft Corp @ 4.0% due 02/08/21	250,000	252,938	268,460	15,522	3.72%
Morgan Stanley @ 2.125% due 04/25/18	50,000	49,391	50,199	808	2.12%
New York NY City Transitional Fin A Future Tax Secured Sub A @ 1.30% due 05/01/20	75,000	75,000	73,453	(1,547)	1.33%
Norfolk Southern Corp @ 5.9% due 06/15/19	50,000	54,107	54,552	445	5.41%
Oracle Corp @ 2.25% due 10/08/19	75,000	74,965	75,910	945	2.22%
Pepsico Inc @ 3.60% due 03/01/24	65,000	64,979	67,794	2,815	3.45%
Simon Property Group LP @ 2.20% due 02/01/19	50,000	49,969	50,406	437	2.18%
Stryker Corp @ 4.375% due 01/15/20	65,000	69,150	69,210	60	4.11%
Suntrust Bank @ 1.35% due 02/15/17	30,000	29,999	30,004	5	1.35%
Toyota Motor Credit Corp@ 2.0% due 10/24/18	50,000	50,011	50,296	285	1.99%
Union Electric Company @ 3.50% due 04/15/24	75,000	81,205	77,198	(4,007)	3.40%
Verizon Communications @ 5.15% due 09/15/23	75,000	85,728	82,931	(2,797)	4.66%
Walgreens Boots Alliance Inc Nt @ 2.60% due 06/01/21	75,000	74,962	74,529	(433)	2.62%
Wells Fargo & Co New Sr Gbl Nt @ 3.00% due 04/22/26	60,000	59,803	57,254	(2,549)	3.14%
Total Corporate Bonds		\$ 2,921,701	\$ 2,916,525	\$ (5,176)	
U.S. Government Securities					
US Treasury Note @ 2.25% due 11/15/24	100,000	\$ 100,445	\$ 99,405	\$ (1,040)	2.26%
GNMA Pool #728921 @ 4.50% due 12/15/24	50,682	53,240	54,735	1,495	4.17%
Federal Home Loan Bank @ 1.00% due 08/28/18	150,000	150,000	149,247	(753)	1.01%
Federal Home Loan Mortgage Corp @ 3.0% due 07/01/31	143,586	151,483	147,571	(3,912)	2.92%
Federal Farm Credit Bank @ 1.23% due 01/25/19	125,000	125,000	124,289	(711)	1.24%
Federal Farm Credit Bank @ 1.30% due 06/06/19	150,000	149,886	149,418	(468)	1.31%
Federal Farm Credit Bank @ 1.625% due 10/05/21	120,000	120,000	117,498	(2,502)	1.66%
Federal Home Loan Mortgage Corp @ 1.25% due 08/25/21	150,000	150,000	147,349	(2,651)	1.27%
Federal National Mortgage Assn @ 1.45% due 09/15/20	150,000	150,000	146,403	(3,597)	1.49%
Total Fixed Income Securities		\$ 4,071,755	\$ 4,052,440	\$ (19,315)	
The United Methodist Foundation of LA					
Cash Equivalents		<u>\$ 231,791</u>	<u>\$ 231,791</u>		1.00%
Pooled Income Funds		<u>\$ 18,860,072</u>	<u>\$ 16,864,981</u>	<u>\$ (1,995,091)</u>	1.00%
Endowment Fund Total Investments Without Cash Equivalents		<u>\$ 31,705,145</u>	<u>\$ 32,325,815</u>	<u>\$ 620,670</u>	
TOTAL STOCKS, BONDS, AND NOTES		<u>\$ 31,755,107</u>	<u>\$ 32,375,777</u>	<u>\$ 620,670</u>	

**LOUISIANA UNITED METHODIST CHILDREN
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NOTES TO FINANCIAL STATEMENTS

NOTE 3 - INVESTMENTS (Cont'd)

	<u>2017</u>	<u>2016</u>
Net income (loss) for years - Endowment Fund		
Interest	\$ 94,267	\$ 89,003
Dividends and settlement income	266,003	217,407
Income from pooled funds	489,414	780,418
Realized and unrealized gains and (losses)	<u>4,030,744</u>	<u>1,104,075</u>
	<u>\$ 4,880,428</u>	<u>\$ 2,190,903</u>

Gross proceeds from the sale of securities amounted to \$1,640,296 and \$4,097,434 for the years ended December 31, 2017 and 2016, respectively.

Investments with a cost basis of \$3,383,701 had unrealized losses of \$104,788 as of December 31, 2017.

Local Investment Fund

In 1996, the Organization received a bequest from the Estate of Louise Briley Leake in the form of an interest in a testamentary trust whereby the income will be paid annually and the trust principal distributed to the Organization twenty-five (25) years from the death of the donor. The bequest was recorded at fair value. Annual changes in fair value are reported as unrealized gain or loss and an increase or decrease in temporarily restricted assets. This trust fund was valued at \$689,911 and \$635,386 for 2017 and 2016, respectively.

During 2000, the Organization received a bequest from the Estate of Hattye Jordan. The Hattye Recoulley Jordan Charitable Remainder Unitrust has Capital One Bank as trustee and the Organization will receive the assets of the trust upon the death of a life recipient. The assets of the trust were valued based upon available market rates discounted for the life expectancy of the recipient. The market values of the trusts were \$332,028 and \$308,257 for 2017 and 2016, respectively, and the discounted values were \$251,981 and \$228,913 for 2017 and 2016, respectively.

During 2015, the Organization received a bequest from the Estate of Barbara Williamson. The Barbara Williamson Charitable Lead Trust has an individual as the trustee and the Organization received a twenty percent (20%) interest in the assets of the trust. The assets are payable to the Organization at the rate of five percent (5%) of the fair market value of the assets of the trust on December 31 of each year for fifty (50) years. The fair market value of twenty percent (20%) interest of the assets of the trusts were \$898,891 and \$868,384 as of December 31, 2017 and 2016, respectively. The discounted values were \$830,767 and \$792,966 for 2017 and 2016, respectively.

During 2017, the Organization recorded a bequest from the Estate of Annie Pomeroy of an one-seventh (1/7th) interest in The Pomeroy Trust, LLC. The assets of the Limited Liability Company were recorded at cost of \$135,486 to reflect the Organization's interest as of December 31, 2017.

The Organization records unrealized gains and losses of securities held by the various trusts in the Statement of Activities as increases or decreases in temporarily restricted net assets.

Other Information

Also, at the end of 2009, the United Methodist Foundation of Louisiana established a "Donor Advised Fund" in an account named "Methodist Home for Children New Orleans Endowment." The fund is a "temporarily restricted fund" of the United Methodist Foundation; with an annual distribution available for use to operate a children's home in the Greater New Orleans area.

**LOUISIANA UNITED METHODIST CHILDREN
AND FAMILY SERVICES, INC.**

NOTES TO FINANCIAL STATEMENTS

NOTE 3 - INVESTMENTS (Cont'd)

Originally, if a new home is constructed in the Greater New Orleans area, eighty percent (80%) of the value of the fund could be distributed for construction costs. The remaining twenty percent (20%) should be retained as a "permanently restricted asset" of the United Methodist Foundation and the annual distribution will continue to be used for operational support of that Greater New Orleans home.

During 2014, \$1,000,000 was transferred from the United Methodist Foundation to Louisiana United Methodist Children and Family Services Inc. for the purchase of property to become a permanent site of Methodist Children's Home in the Greater New Orleans area.

During 2015, the Organization purchased approximately 125 acres in Tangipahoa Parish as well as mineral and surface rights for a total cost of \$1,017,648.

As of December 31, 2017 and 2016, the market value of the assets in the construction account was \$208,184 and \$182,430, respectively. The market value of the assets in the permanently restricted fund was \$354,256 and \$310,432, respectively.

Operating Fund

The Organization owns two (2) cash surrender value life insurance policies with Met Life. The policies were issued on the lives of two (2) former officers of the Organization with current annual premiums of \$2,500 each paid with paid-up additional insurance surrendered. The original investments for each policy in paid-up additional insurance were \$70,000 and \$75,000, respectively. The increases in cash surrender value of life insurance for the years ended December 31, 2017 and 2016, were \$18,908 and \$18,192, respectively. The cash surrender values of the policies as of December 31, 2017 and 2016, were \$423,905 and \$404,997, respectively.

NOTE 4 - CONCENTRATION REVENUES AND ACCOUNTS RECEIVABLE

Louisiana United Methodist Children and Family Services, Inc. provides psychiatric residential treatment facility services in its three children's homes. In 2015, from January through November, this service was reimbursed by a LDH published rate with consideration given to prior year cost reports. Beginning December 1, 2016, these services are reimbursed in part at a rate established in contract with two of the Healthy Louisiana managed care organizations and in Single Case Agreements with the other three Healthy Louisiana managed care organizations. These rates were determined and negotiated using the findings of annual cost reports conducted according to Louisiana Department of Health regulations and which are submitted to the Louisiana Department of Health upon completion.

Revenue from this service totaled \$17,118,574 and \$16,464,690 for 2017 and 2016, respectively. Accounts receivable balances related to this activity were \$5,823,347 and \$4,072,571 as of December 31, 2017 and 2016, respectively.

Accounts receivable arise from the normal course of providing these services and are not secured. An allowance for uncollectible accounts of \$1,409,800 and \$1,462,616 for 2017 and 2016, respectively, has been provided for accounts receivable, and cost reimbursement receivables related to services. Accounts receivable balances over 90 days past due were \$2,383,823 and \$1,466,493 as of December 31, 2017 and 2016, respectively.

Promises to give - temporarily restricted are receivables from donors who have written commitments to contribute to the Organization. Promises to give - temporarily restricted are pledges temporarily restricted to purchase capital assets and renovate existing buildings and facilities. Pledges expected to be received within the next twelve (12) months are classified as current assets. All pledges are expected to be received within the next five (5) years.

**LOUISIANA UNITED METHODIST CHILDREN
AND FAMILY SERVICES, INC.**

NOTES TO FINANCIAL STATEMENTS

NOTE 4 - CONCENTRATION REVENUES AND ACCOUNTS RECEIVABLE (Cont'd)

The following is a five year schedule of anticipated collection of the pledges:

2018	\$	5,300
2019		0
2020		0
2021		0
2022		0

NOTE 5 - INVENTORY

Inventories as of December 31, 2017 and 2016, consist of salsa products produced at the Outdoor Wilderness Learning Center at an approximate cost of \$7,460 and \$7,009, respectively, and clothing donated during September 2008 had an approximate fair market value of \$4,976 and \$5,440, respectively. Food inventory located at the Outdoor Wilderness Learning Center totaled \$2,823 as of December 31, 2017. Food inventory located in Sulphur, Louisiana totaled \$7,636 and \$11,171, as of December 31, 2017 and 2016, respectively. Food inventory located in Ruston, Louisiana totaled \$21,973 and \$25,337 as of December 31, 2017 and 2016, respectively. Total inventory reflected in the general operating fund totaled \$44,868 and \$48,957 as of December 31, 2017 and 2016, respectively.

	<u>2017</u>	<u>2016</u>
Clothing (donated)	\$ 4,976	\$ 5,440
OWL salsa products	7,460	7,009
Food, OWL	2,823	0
Food, Ruston, LA	21,973	25,337
Food, Sulphur, LA	<u>7,636</u>	<u>11,171</u>
Totals	<u>\$ 44,868</u>	<u>\$ 48,957</u>

NOTE 6 - PROPERTY AND EQUIPMENT

Fixed assets are recorded at cost if purchased and at fair market value at time of donation.

The major categories of fixed assets are as follows:

December 31, 2017	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Land and improvements	\$ 2,646,047	\$ (49,364)	\$ 2,596,683
Buildings and improvements	21,884,028	(8,322,501)	13,561,527
Furniture and fixtures	2,508,950	(2,034,907)	474,043
Office furniture and equipment	101,134	(100,218)	916
Automobiles, trucks, and vans	1,230,834	(868,380)	362,454
Tractors and other equipment	<u>361,739</u>	<u>(271,940)</u>	<u>89,799</u>
Totals	<u>\$ 28,732,732</u>	<u>\$ (11,647,310)</u>	<u>\$ 17,085,422</u>

**LOUISIANA UNITED METHODIST CHILDREN
AND FAMILY SERVICES, INC.**

NOTES TO FINANCIAL STATEMENTS

NOTE 6 - PROPERTY AND EQUIPMENT (Cont'd)

December 31, 2016	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Land and improvements	\$ 2,192,758	\$ (47,477)	\$ 2,145,281
Buildings and improvements	21,800,833	(7,768,279)	14,032,554
Furniture and fixtures	2,628,524	(2,089,780)	538,744
Office furniture and equipment	122,574	(120,925)	1,649
Automobiles, trucks, and vans	1,169,277	(832,450)	336,827
Tractors and other equipment	<u>336,898</u>	<u>(248,681)</u>	<u>88,217</u>
Totals	<u>\$ 28,250,864</u>	<u>\$ (11,107,592)</u>	<u>\$ 17,143,272</u>

As of December 31, 2017, construction in progress consisted of telephone system, website redesign cost, building improvements at Ruston, Louisiana facility and building construction at Greater New Orleans, Louisiana facility that were not completed as of December 31, 2017.

The depreciation expense was \$986,844 and \$938,977 for the years ended December 31, 2017 and 2016, respectively.

The following is a summary of depreciable lives by category based on a straight-line method of depreciation:

Land and improvements	20 and 30 years
Building and improvements	5, 10, 15, 20, 25, 30, 40, and 50 years
Furniture and fixtures	3, 5, 10, 15, and 25 years
Office furniture and equipment	3, 5, 10, 15, and 25 years
Automobiles, trucks and vans	5 and 10 years
Tractors and other equipment	5 and 10 years

Louisiana United Methodist Children and Family Services, Inc. and the City of Ruston entered into a land exchange on July 10, 2017. The exchange consisted of the Organization giving up 53 acres on S. Farmerville St. in Ruston for 3.3 acres at 3000 N. Trenton St. (HWY 167), Ruston. The land exchange was required for the city to complete and build new City of Ruston Multisport Complex. The Organization recognized a gain of \$418,912 on the exchange.

NOTE 7 - SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

Independent Living Services Program consists of four (4) contracts. The contracts are an 80/20 matching program in which the Organization is reimbursed for expenditures equal to its in kind or cash contribution. There are four (4) regional contracts reflecting the period January 1, 2017 until June 30, 2017 and July 1, 2017 until December 31, 2017 for the period ending June 30, 2019. The regions are Monroe, Covington, Lake Charles, and Lafayette, Louisiana. These costs are allocated to independent living based on detailed ledgers maintained by the Organization. These costs consist of allocated portions of administrative overhead, salaries and related benefits, travel, operating services supplies, professional services, capital outlay, and miscellaneous. The Organization does not reclassify these allocated portions as independent living services expenditures for financial statement purposes. Total revenue from this service totaled \$447,504 and \$177,823 for 2017 and 2016, respectively.

The Child Abuse Counseling Program subgrant requires a twenty percent (20%) match for personnel, related benefits, and contract services. Revenue from this program totaled \$40,628 and \$56,277 for 2017 and 2016, respectively.

**LOUISIANA UNITED METHODIST CHILDREN
AND FAMILY SERVICES, INC.**

NOTES TO FINANCIAL STATEMENTS

NOTE 8 - RELATED PARTY

Total contributions received from employees, officers, and board members of the Organization totaled \$35,580 and \$26,480 during 2017 and 2016, respectively.

NOTE 9 - NET ASSETS - TEMPORARILY RESTRICTED

The balances of net assets - temporarily restricted consist of the following:

	<u>2017</u>	<u>2016</u>
Operating Fund		
Current assets		
Checking - Origin Bank	\$ 61,962	\$ 17,506
Endowment Fund		
Long-term investments		
Pooled funds	673,173	512,571
Local Investment Fund		
Current assets		
Checking - Origin Bank	12,972	14,210
Accounts receivable - H. C. Drew	0	45,414
Long-term Investments		
Leake Testamentary Trust	689,911	635,386
H.R. Jordan Charitable Remainder Trust	251,981	228,913
Barbara Williamson Charitable Lead Trust	830,767	792,966
The Pomeroy Trust, LLC	135,486	0
R.D. Webb Property	<u>9,338</u>	<u>0</u>
Balances at year end	<u>\$ 2,665,590</u>	<u>\$ 2,246,966</u>

During the current year, the Organization obtained a letter dated September 22, 2017 from Origin Bank, Ruston, Louisiana stating that the Organization has a standing approval for a \$300,000 line of credit through October 31, 2018. The loan approval is to satisfy licensing requirements of \$100,000 for each of the Organization's Ruston, Mandeville, and Sulphur, Louisiana locations.

NOTE 10 - NET ASSETS - PERMANENTLY RESTRICTED

The balances of net assets - permanently restricted consist of the following:

	<u>2017</u>	<u>2016</u>
Endowment Fund		
Long-term investments		
Pooled funds	\$ 459,340	\$ 428,820
Local Investment Fund		
Short-term investments		
Checking - Origin Bank	<u>280</u>	<u>200</u>
Balances at year end	<u>\$ 459,620</u>	<u>\$ 429,020</u>

**LOUISIANA UNITED METHODIST CHILDREN
AND FAMILY SERVICES, INC.**

NOTES TO FINANCIAL STATEMENTS

NOTE 10 - NET ASSETS - PERMANENTLY RESTRICTED (Cont'd)

Helen and Allen Barksdale Lecture Series

Funds were contributed to establish a lecture series for the Organization. The income will fund the expenses of the lectures and the principal totaling \$100,000 will not be expended. The income (loss) included in the temporarily restricted fund was \$14,437 and \$5,548 for the years ended December 31, 2017 and 2016, respectively. The market values of the assets of this account as of December 31, 2017 and 2016, were \$116,704 and \$106,390, respectively. \$100,000 of the balance is permanently restricted.

Bradley Family Music Program

Funds were contributed to establish the Bradley Family Music Program. The principal totaling \$10,000 will not be expended. The income of the endowment can be used for any music related expense that benefits the youth and the Organization. Examples include, but are not limited to, musical instruments, hymnals or sheet music, and the cost or expense of instrument lessons or choir direction. The market values of the assets of this account as of December 31, 2017 and 2016, were \$11,412 and \$10,398, respectively. \$10,000 of the balance is permanently restricted.

Bull Buteau Vo-Tech Scholarship (formerly Vo-Tech Scholarship Funds)

Beginning in 2011, funds were contributed to establish a Vocational Technical training scholarship for the Organization. Effective September 2014, the scholarship was renamed the "Bull Buteau Vo-Tech Scholarship." The income will fund the expenses of the Vo-tech school and the principal totaling \$172,600 will not be expended. Contributions of \$30,000 and \$22,500 were contributed for the years ending December 31, 2017 and 2016, respectively. The income (loss) included in temporarily restricted funds was \$28,311 and \$9,594 for the years ended December 31, 2017 and 2016, respectively. The market values of the assets of this account in the endowment fund as of December 31, 2017 and 2016, were \$254,793 and \$196,482, respectively. \$225,100 of the balance is permanently restricted.

Lester O. Bennett Scholarship Fund

Funds were contributed to establish the Lester O. Bennett Scholarship Fund totaling \$15,000. The income of the scholarship fund shall be used to fund scholarships and educational expenses. The funds can be used for any youth to continue their education at a high school, college, or vocational school. The market values of this account as of December 31, 2017 and 2016, were \$15,000 and \$15,000, respectively. \$15,000 of the balance is permanently restricted.

Amy McGuire Endowed Scholarship Fund

Funds were initially contributed to establish an Amy McGuire Endowed Scholarship Fund totaling \$90,410. During 2017 and 2016, \$520 and \$22,580, respectively, were contributed. The income and any non-endowed gifts given to the scholarship fund shall be used to fund scholarships and educational expenses. The funds can be used for any youth to continue their education at a university, community college, vocational training, GED expenses, or general educational expenses at the Organization. The income (loss) included in the temporarily restricted fund was \$16,625 and \$5,106 for the years ended December 31, 2017 and 2016, respectively. The market values of the assets of this account as of December 31, 2017 and 2016, were \$134,724 and \$117,579, respectively. The market value of the assets in the Local Investment checking account was \$280 and \$200 as of December 31, 2017 and 2016, respectively. \$109,240 of the balance is permanently restricted.

**LOUISIANA UNITED METHODIST CHILDREN
AND FAMILY SERVICES, INC.**

NOTES TO FINANCIAL STATEMENTS

NOTE 11 - INCOME TAXES

The Organization has paid income taxes based upon income reported by "S" Corporation earnings. Total income tax expense for the years 2017 and 2016, was \$2,900 and \$2,366, respectively, on income of \$15,796 and \$16,625, respectively.

NOTE 12 - OPERATING LEASES

Northlake Behavioral Health System

On January 2, 2013, Louisiana United Methodist Children and Family Services, Inc. entered into a lease agreement with MBH of Louisiana d/b/a Northlake Behavioral Health System (Northlake Behavioral) for buildings to be used for educational and social service purposes. The building is a single story 13,764 square foot building and the land on which the building is located, including walkway, parking, and other improvements, consisting of 80,026 square feet totaling 1.84 acres. The building contains two (2) wards, "S" Ward and "T" Ward with capacity for a total of twenty (20) beds. The lease of the building, land and improvements located on the Northeast corner of the campus of Northlake Behavioral Health System located at 23515 Highway 190 -S and T Wards, Mandeville, Louisiana 70448 to the Organization, is for the purpose of providing supervised and structured twenty-four (24) hour residential care to male youths in psychiatric residential care.

The term of the lease was for three (3) years, expiring January 1, 2016. The monthly installments of \$11,891, were due and payable on the first day of the month. A renewal of the lease shall be for three (3) years, expiring January 1, 2019. The monthly installments of \$14,269, are due and payable on the first day of the month. See Note 15 for terms of the subsequent renewal on March 22, 2018 of this lease.

Therapeutic Foster Care Program

Louisiana United Methodist Children and Family Services, Inc. has office space leased for Therapeutic Foster Care in Alexandria (\$902 monthly), Monroe (\$2,600 monthly), and Lafayette (\$1,419 monthly) with terms ending November 2018 (36 months), December 2020 (60 months), and January 2019 (36 months), respectively. Rental expenses were \$56,910 and \$53,092 for the years 2017 and 2016, respectively.

Independent Living Program

The Independent Living Program has office space leased in Covington (\$1,200 monthly), Lake Charles (\$1,350 monthly), and Lafayette (\$875 monthly) with terms ending March 2019 (24 months), September 2018 (12 months), and September 2018 (12 months), respectively. Rental expenses were \$19,173 and \$0 for the years 2017 and 2016, respectively.

Family Plus Program

Family Plus has an office space in Shreveport with a monthly payment of \$500 and terms ending July 2018. Rental expenses were \$6,000 and \$6,000 for the years 2017 and 2016, respectively.

All rental agreements are noncapitalizable.

The following is a schedule of lease commitments for the next five years:

2018	\$	282,463
2019		233,173
2020		230,244
2021		199,044
2022		49,761

**LOUISIANA UNITED METHODIST CHILDREN
AND FAMILY SERVICES, INC.**

NOTES TO FINANCIAL STATEMENTS

NOTE 13 - RETIREMENT PAYABLE

During 2008, the Board of Directors approved the adoption of a salary contribution plan for two (2) key employees. The plan involves the payment of \$1,000 per month for each employee upon retirement for fifteen (15) years. The retirement dates of July 1, 2011, and July 1, 2012, were used to record the present value of the liability based on a six percent (6%) rate. As of December 31, 2017, the liabilities were \$79,748 and \$86,734 for each employee, respectively, and as of December 31, 2016, the liabilities were \$86,734 and \$93,314 for each employee, respectively. Retirement payments for the years ended December 31, 2017 and 2016, were \$12,000 and \$12,000, and \$12,000 and \$12,000, respectively.

NOTE 14 - THEFT

During the weekend of December 10, 2017, Louisiana United Methodist Children & Family Services, Inc. had an eighteen (18) foot cook trailer and an eight (8) foot cook trailer stolen from the Outdoor Wilderness Learning Center in Dubach, Louisiana. The cost of the trailers was \$8,590 and \$500, respectively.

The Lincoln Parish Sheriff's Office investigated the incident but neither trailer was located. Insurance proceeds of \$3,629 were collected. Louisiana United Methodist Children & Family Services, Inc. notified the Louisiana Legislative Auditor and the District Attorney in writing, as required by Louisiana Revised Statute 24:523.

The internal controls of Louisiana United Methodist Children & Family Services, Inc. allowed the theft to be detected in a timely manner. Management will continue to closely monitor assets located at the Outdoor Wilderness Learning Center in order to prevent a similar occurrence in the future.

NOTE 15 - SUBSEQUENT EVENTS

In accordance with ASC 855, Louisiana United Methodist Children and Family Services, Inc. evaluated subsequent events through June 12, 2018, the date these financial statements were available to be issued.

On March 22, 2018 Louisiana United Methodist Children and Family Services, Inc. entered into a new lease with MBH of Louisiana, LLC d/b/a Northlake Behavioral Health System to keep Methodist Children's Home of Greater New Orleans in the same location in Mandeville, LA, effective April 1, 2018 through March 31, 2022. The building is a 13,764 square foot building known as S & T Wards located on the Northeast Corner of campus at 23515 Highway 190, Mandeville, LA for the purpose of providing supervised and structured twenty-four (24) hour residential care to youths in psychiatric residential care. The new lease requires a \$2,000 monthly utility payment, and a payment per meal for meals provided to residents.

The terms of the lease have monthly payments of \$16,104 for April 1, 2018 - March 31, 2019, and \$16,587 for the period of April 1, 2019 - March 31, 2022, due and payable on the first day of the month. This lease is included in the operating lease commitments schedule in Note 12.

**LOUISIANA UNITED METHODIST CHILDREN
AND FAMILY SERVICES, INC.
RUSTON, LOUISIANA**

**SUPPLEMENTARY DATA
DECEMBER 31, 2017 AND 2016**

**LOUISIANA UNITED METHODIST CHILDREN
AND FAMILY SERVICES, INC.**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2017**

<u>Federal Grants/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Program Or Award Amount</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>
United States Administration for Children and Families, Department of Health and Human Services				
Louisiana Department of Children & Family Services, Office of Children and Family Services				
Independent Living Program - Monroe, LA (ended June 30, 2017)	93.674	\$ 70,516	\$ 62,047	\$ 77,473
Independent Living Program - Monroe, LA (ended June 30, 2018)	93.674	70,516	70,699	90,033
Independent Living Program - Covington, LA (ended June 30, 2017)	93.674	92,441	76,241	86,814
Independent Living Program - Covington, LA (ended June 30, 2018)	93.674	92,441	92,514	112,944
Independent Living Program - Lake Charles, LA (ended June 30, 2017)	93.674	61,216	27,417	38,089
Independent Living Program - Lake Charles, LA (ended June 30, 2018)	93.674	61,216	54,390	71,608
Independent Living Program - Lafayette, LA (ended June 30, 2017)	93.674	78,701	14,675	15,079
Independent Living Program - Lafayette, LA (ended June 30, 2018)	93.674	<u>78,692</u>	<u>49,521</u>	<u>62,731</u>
Subtotal		<u>\$ 605,739</u>	<u>\$ 447,504</u>	<u>\$ 554,771</u>
United States Department of Justice Office of Justice Programs, Office for Victims of Crimes				
Louisiana Commission on Law Enforcement				
Child Abuse Counseling Program (ended June 30, 2017)	16.575	\$ 23,942	\$ 23,942	\$ 23,942
Child Abuse Counseling Program (ended December 31, 2018)	16.575	<u>16,686</u>	<u>16,686</u>	<u>16,686</u>
Subtotal		<u>\$ 40,628</u>	<u>\$ 40,682</u>	<u>\$ 40,628</u>
Total Federal Awards		<u>\$ 646,367</u>	<u>\$ 488,132</u>	<u>\$ 595,399</u>

**LOUISIANA UNITED METHODIST CHILDREN
AND FAMILY SERVICES, INC.**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2017**

General

The Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of Louisiana United Methodist Children and Family Services, Inc.

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Louisiana United Methodist Children and Family Services, Inc. under programs of the federal government for the year ended December 31, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion on the operations of Louisiana United Methodist Children and Family Services, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Louisiana United Methodist Children and Family Services, Inc.

Basis of Accounting

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursements.

Payments to Subrecipients

There were no payments to subrecipients for the year ended December 31, 2017.

Findings of Noncompliance

There were no federal awards findings or questioned costs reported during the audit for the year ended December 31, 2017.

**LOUISIANA UNITED METHODIST CHILDREN
AND FAMILY SERVICES, INC.**

**GENERAL OPERATING FUND DETAIL
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

	Location			Totals	
	Ruston	GNO	Southwest	2017	2016
UNRESTRICTED REVENUE AND SUPPORT					
Contributions					
Contributions - undesignated	\$ 448,728	\$ 37,466	\$ 38,693	\$ 524,887	\$ 501,154
Memorials	129,747	4,795	11,610	146,152	135,811
Direct appeals	112,163	7,117	9,825	129,105	136,981
Sponsorships	108,425	6,183	14,776	129,384	163,641
Honorarium	43,749	6,505	2,075	52,329	33,503
United Way and other grants	2,331			2,331	1,971
Contributions - non cash	2,736	6,020		8,756	15,245
Total contributions	<u>\$ 847,879</u>	<u>\$ 68,086</u>	<u>\$ 76,979</u>	<u>\$ 992,944</u>	<u>\$ 988,306</u>
Children's Home Offerings	<u>\$ 87,477</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 87,477</u>	<u>\$ 134,911</u>
Special Events	<u>\$ 0</u>	<u>\$ 94,100</u>	<u>\$ 0</u>	<u>\$ 94,100</u>	<u>\$ 61,912</u>
Child Care Support					
Child care support (TIPS)	\$ 53,842	\$ 4,430	\$ 8,046	\$ 66,318	\$ 63,632
PRTF revenue	11,815,019	2,240,982	2,996,255	17,052,256	16,401,058
Total child care support	<u>\$ 11,868,861</u>	<u>\$ 2,245,412</u>	<u>\$ 3,004,301</u>	<u>\$ 17,118,574</u>	<u>\$ 16,464,690</u>
Independent Living Services (Federal Subgrant and Other)					
Independent Living Grants	\$ 447,504	\$ 0	\$ 0	\$ 447,504	\$ 177,823
Total independent living	<u>\$ 447,504</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 447,504</u>	<u>\$ 177,823</u>
Federal Subgrant					
Child abuse counseling	\$ 40,628	\$ 0	\$ 0	\$ 40,628	\$ 56,277
Family Plus Program	\$ 78,056	\$ 0	\$ 0	\$ 78,056	\$ 41,974
Family Development Services					
Client fees	\$ 88,400	\$ 0	\$ 0	\$ 88,400	\$ 119,387
United Way Grants	38,822			38,822	34,595
Lincoln Health Foundation	196,927			196,927	195,710
Total family development	<u>\$ 324,149</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 324,149</u>	<u>\$ 349,692</u>
Medical and Nursing	<u>\$ 92,749</u>	<u>\$ 24,047</u>	<u>\$ 22,241</u>	<u>\$ 139,037</u>	<u>\$ 123,940</u>
Methodist Foster Care	<u>\$ 1,721,232</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,721,232</u>	<u>\$ 1,266,218</u>
Trust Funds					
Marjorie D. Vickery Trust	\$ 88,000	\$ 0	\$ 0	\$ 88,000	\$ 0
Pomeroy Trust	47,043			47,043	504
Conference Fund Trusts	38,852	4,098	4,772	47,722	64,268
Leake Trust	29,435			29,435	30,340
Ed and Gladys Hurley Trust	2,000			2,000	2,000
Total trust funds	<u>\$ 205,330</u>	<u>\$ 4,098</u>	<u>\$ 4,772</u>	<u>\$ 214,200</u>	<u>\$ 97,112</u>
INTEREST AND DIVIDENDS	<u>\$ 57,763</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 57,763</u>	<u>\$ 28,367</u>
OUTDOOR WILDERNESS PROJECT INCOME	<u>\$ 218,035</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 218,035</u>	<u>\$ 200,081</u>
EDUCATIONAL SERVICES	<u>\$ 355,848</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 355,848</u>	<u>\$ 415,563</u>
GRANT INCOME	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
MISCELLANEOUS INCOME	<u>\$ 30,824</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 30,824</u>	<u>\$ 31,544</u>
TOTAL UNRESTRICTED INCOME	<u>\$ 16,376,335</u>	<u>\$ 2,435,743</u>	<u>\$ 3,108,293</u>	<u>\$ 21,920,371</u>	<u>\$ 20,438,410</u>

**LOUISIANA UNITED METHODIST CHILDREN
AND FAMILY SERVICES, INC.**

**GENERAL OPERATING FUND DETAIL
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

	Location			Totals	
	Ruston	GNO	Southwest	2017	2016
UNRESTRICTED REVENUE AND SUPPORT (Cont'd)					
TOTAL RESTRICTED INCOME					
Restrictions satisfied by payments	\$ 202,471	\$ 0	\$ 0	\$ 202,471	\$ 195,624
EXPENSES					
Administrative and General					
Salaries	\$ 1,027,735	\$ 175,870	\$ 212,998	\$ 1,416,603	\$ 1,321,074
Payroll taxes	70,894	13,186	14,956	99,036	91,417
Employee benefits	188,487	19,044	33,311	240,842	228,904
Advertising	645			645	2,250
Dues and licenses	10,439	675	872	11,986	18,491
Insurance	287,513	13,935	43,501	344,949	311,175
Office supplies	45,881	6,906	11,493	64,280	68,068
Penalties	339			339	1,728
Postage	9,202	3,073	3,980	16,255	17,663
Professional services	87,399	26,250	5,255	118,904	105,968
Lease expense		171,227		171,227	172,461
Motor vehicle expense	3,040			3,040	5,565
Subscriptions	582			582	1,142
Telephone	48,072	11,851	23,748	83,671	101,005
In-service training	373	316	376	1,065	7,374
Travel and seminar	14,881	4,006	8,097	26,984	25,136
Board meeting expense	4,544			4,544	0
Utilities	20,305			20,305	24,424
Miscellaneous	10,381	2,506	887	13,774	19,529
Office and equipment maintenance contracts	3,462	1,185	7	4,654	10,987
Accreditation	37,623			37,623	400
Banking and processing fees	6,119			6,119	4,543
Bad debt expense	125,000			125,000	1,001,000
Total administrative and general	\$ 2,002,916	\$ 450,030	\$ 359,481	\$ 2,812,427	\$ 3,540,304
Human Resources					
Salaries	\$ 167,977	\$	\$	\$ 167,977	\$ 162,637
Payroll taxes	12,362			12,362	11,600
Employee benefits	87,358			87,358	38,918
Advertising and promotion	34,181			34,181	31,148
Dues and licenses				0	1,874
Insurance	20,986			20,986	21,648
Office supplies	4,514			4,514	8,235
Training	3,844			3,844	4,235
Travel and seminar	7,096			7,096	4,093
Miscellaneous	23,449			23,449	24,077
Total human resources	\$ 361,767	\$ 0	\$ 0	\$ 361,767	\$ 308,465
Staff Development					
Salaries	\$ 253,299	\$	\$	\$ 253,299	\$ 191,242
Payroll taxes	18,833			18,833	12,569
Employee benefits	42,762			42,762	33,612
Advertising and promotion	2,452			2,452	1,050
Dues and licenses	233			233	180
Insurance	774			774	527
Office supplies	7,493			7,493	2,385
Training	15,572			15,572	23,954
Travel and seminar	14,587			14,587	7,610
Miscellaneous	16,960			16,960	5,972
Total staff development	\$ 372,965	\$ 0	\$ 0	\$ 372,965	\$ 279,101

**LOUISIANA UNITED METHODIST CHILDREN
AND FAMILY SERVICES, INC.**

**GENERAL OPERATING FUND DETAIL
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

	Location			Totals	
	Ruston	GNO	Southwest	2017	2016
EXPENSES (Cont'd)					
Administrative and General (Cont'd)					
Information Management					
Salaries	\$ 248,093	\$	\$	\$ 248,093	\$ 226,381
Payroll taxes	17,479			17,479	15,723
Employee benefits	35,191			35,191	23,228
Office supplies	5,826			5,826	7,168
Travel and seminar	5,952			5,952	5,831
Office equipment and maintenance	81,189			81,189	79,229
Miscellaneous	3,131			3,131	787
Total information management	<u>\$ 396,861</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 396,861</u>	<u>\$ 358,347</u>
Health Information System					
Salaries	\$ 264,132	\$	\$	\$ 264,132	\$ 252,780
Payroll taxes	18,883			18,883	18,061
Employee benefits	33,123			33,123	31,887
Electronic health records	46,485			46,485	40,326
Supplies	3,615			3,615	3,185
Travel and seminar	94			94	0
Miscellaneous	1,631			1,631	1,058
Total health information management	<u>\$ 367,963</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 367,963</u>	<u>\$ 347,297</u>
Total Administrative and General	<u>\$ 3,502,472</u>	<u>\$ 450,030</u>	<u>\$ 359,481</u>	<u>\$ 4,311,983</u>	<u>\$ 4,833,514</u>
Plant Operation and Maintenance					
Salaries	\$ 326,062	\$ 62,387	\$ 48,001	\$ 436,450	\$ 465,673
Payroll taxes	23,431	4,477	4,040	31,948	31,573
Employee benefits	62,045	6,590	3,110	71,745	88,678
Contract for outside services	11,352		20,036	31,388	35,645
Maintenance - buildings and grounds		1,586	3,320	4,906	3,403
Repairs - buildings and grounds	106,510		16,943	123,453	126,506
Major repairs and replacements				0	9,877
Supplies	18,311	8,691	19,185	46,187	36,802
Utilities	18,622		40,001	58,623	65,287
Vehicle gas, oil, and repairs	5,773	9,650	6,495	21,918	23,877
Miscellaneous	1,838	11	712	2,561	11,201
Total Plant Operation and Maintenance	<u>\$ 573,944</u>	<u>\$ 93,392</u>	<u>\$ 161,843</u>	<u>\$ 829,179</u>	<u>\$ 898,522</u>
Medical and Nursing					
Salaries	\$ 1,004,151	\$ 317,857	\$ 412,337	\$ 1,734,345	\$ 1,736,394
Payroll taxes	72,951	24,172	30,069	127,192	121,057
Employee benefits	115,021	18,266	52,595	185,882	170,361
Medical service - PRTF	9,026	81,672	62,217	152,915	113,135
Office supplies	5,919	92		6,011	7,705
Medical supplies - PRTF	20,050	1,979	8,529	30,558	35,325
Employee drug screens	2,358	326	802	3,486	5,776
OSHA required vaccination	2,630	376	449	3,455	2,921
Psychologist - PRTF	14,400		450	14,850	16,200
Physician - PRTF	18,000			18,000	18,000
Training	3,838	205	738	4,781	7,378
Miscellaneous	8,037	44	837	8,918	8,230
Total Medical and Nursing	<u>\$ 1,276,381</u>	<u>\$ 444,989</u>	<u>\$ 569,023</u>	<u>\$ 2,290,393</u>	<u>\$ 2,242,482</u>

**LOUISIANA UNITED METHODIST CHILDREN
AND FAMILY SERVICES, INC.**

**GENERAL OPERATING FUND DETAIL
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

EXPENSES (Cont'd)	Location			Totals	
	Ruston	GNO	Southwest	2017	2016
Dietary					
Salaries	\$ 396,144	\$	\$ 135,938	\$ 532,082	\$ 543,124
Payroll taxes	29,705		9,436	39,141	38,834
Employee benefits	42,785		21,824	64,609	71,510
Food - PRTF	441,241	18,017	110,500	569,758	572,954
Food - special	15,652	681	2,182	18,515	19,907
Supplies	49,562	148	8,467	58,177	48,430
Dietitian	5,850		4,884	10,734	9,750
Miscellaneous	862	283	610	1,755	1,346
Total Dietary	\$ 981,801	\$ 19,129	\$ 293,841	\$ 1,294,771	\$ 1,305,855
W. A. J. Lewis Building - PRTF					
Housekeeping					
Motor vehicle	\$ 6,337	\$	\$	\$ 6,337	\$ 4,477
Utilities	32,359			32,359	32,956
Supplies and miscellaneous	11,332			11,332	10,640
Total housekeeping	\$ 50,028	\$ 0	\$ 0	\$ 50,028	\$ 48,073
Laundry and Linen					
Supplies	\$ 352	\$	\$	\$ 352	\$ 867
Linen and bedding	1,457			1,457	939
Miscellaneous	12			12	0
Total laundry and linen	\$ 1,821	\$ 0	\$ 0	\$ 1,821	\$ 1,806
Personal Client Needs					
Allowances	\$	\$	\$	\$ 0	\$ 2,577
Personal hygiene	4,158			4,158	4,239
Clothing	3,592			3,592	4,957
Miscellaneous				0	464
Total personal client needs	\$ 7,750	\$ 0	\$ 0	\$ 7,750	\$ 12,237
Therapeutic and Training					
Salaries	\$ 1,319,809	\$	\$	\$ 1,319,809	\$ 1,352,733
Payroll taxes	99,376			99,376	98,460
Employee benefits	116,652			116,652	125,358
Miscellaneous	9,126			9,126	13,300
Total therapeutic and training	\$ 1,544,963	\$ 0	\$ 0	\$ 1,544,963	\$ 1,589,851
Recreational	\$ 4,191	\$ 0	\$ 0	\$ 4,191	\$ 4,793
Total W. A. J. Lewis Building	\$ 1,608,753	\$ 0	\$ 0	\$ 1,608,753	\$ 1,656,760
Scott Building - PRTF					
Housekeeping					
Supplies	\$ 13,554	\$	\$	\$ 13,554	\$ 18,403
Linen and bedding	2,021			2,021	1,382
Utilities	52,857			52,857	58,394
Vehicles	5,541			5,541	8,646
Total housekeeping	\$ 73,973	\$ 0	\$ 0	\$ 73,973	\$ 86,825
Personal client needs					
Allowance	\$	\$	\$	\$ 0	\$ 3,543
Personal hygiene	3,367			3,367	3,866
Clothing	7,032			7,032	6,967
Miscellaneous				0	40
Total personal client needs	\$ 10,399	\$ 0	\$ 0	\$ 10,399	\$ 14,416

**LOUISIANA UNITED METHODIST CHILDREN
AND FAMILY SERVICES, INC.**

**GENERAL OPERATING FUND DETAIL
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

	Location			Totals	
	Ruston	GNO	Southwest	2017	2016
EXPENSES (Cont'd)					
Scott Building - PRTF (Cont'd)					
Therapeutic and Training					
Salaries	\$ 1,552,052	\$	\$	\$ 1,552,052	\$ 1,456,907
Payroll taxes	117,600			117,600	106,172
Employee benefits	132,771			132,771	136,593
Supplies	7,504			7,504	10,436
Travel and seminar	1,089			1,089	6,616
Activities	3,700			3,700	2,097
Miscellaneous	722			722	3,227
	<u>\$ 1,815,438</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,815,438</u>	<u>\$ 1,722,048</u>
Total therapeutic and training					
	<u>\$ 1,815,438</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,815,438</u>	<u>\$ 1,722,048</u>
Total Scott Building - PRTF	<u>\$ 1,899,810</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,899,810</u>	<u>\$ 1,823,289</u>
Residential - PRTF					
Administration					
Salaries	\$ 150,839	\$	\$	\$ 150,839	\$ 112,115
Payroll taxes	9,929			9,929	8,355
Employee benefits	27,042			27,042	23,445
Office supplies	3,292			3,292	2,437
Travel and seminar	280			280	3,479
Telephone	446			446	380
Miscellaneous	2,879			2,879	135
Utilities				0	493
	<u>\$ 194,707</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 194,707</u>	<u>\$ 150,839</u>
Total administration expenses					
	<u>\$ 194,707</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 194,707</u>	<u>\$ 150,839</u>
Housekeeping					
Supplies	\$ 20,990	\$	\$ 2,980	\$ 23,970	\$ 21,712
Linen and bedding	3,607	886	1,360	5,853	8,187
Motor vehicle expense	11,379			11,379	20,878
Utilities	46,158			46,158	39,088
	<u>\$ 82,134</u>	<u>\$ 886</u>	<u>\$ 4,340</u>	<u>\$ 87,360</u>	<u>\$ 89,865</u>
Total housekeeping					
	<u>\$ 82,134</u>	<u>\$ 886</u>	<u>\$ 4,340</u>	<u>\$ 87,360</u>	<u>\$ 89,865</u>
Personal Client Needs					
Allowance	\$	\$	\$	\$ 0	\$ 9,520
Personal hygiene	7,031	3,617	4,104	14,752	16,168
Miscellaneous				0	882
Clothing	12,899	745	5,386	19,030	24,785
	<u>\$ 19,930</u>	<u>\$ 4,362</u>	<u>\$ 9,490</u>	<u>\$ 33,782</u>	<u>\$ 51,355</u>
Total personal client needs					
	<u>\$ 19,930</u>	<u>\$ 4,362</u>	<u>\$ 9,490</u>	<u>\$ 33,782</u>	<u>\$ 51,355</u>
Therapeutic and Training					
Salaries - child care	\$ 2,264,862	\$ 812,188	\$ 1,067,075	\$ 4,144,125	\$ 4,177,328
Payroll taxes	169,219	60,875	77,903	307,997	300,346
Employee benefits	187,644	76,952	106,053	370,649	382,937
Supplies	5,698			5,698	2,498
Miscellaneous	2,000	2,494	1,229	5,723	13,814
Travel and seminar	2,508	953	3,900	7,361	22,374
	<u>\$ 2,631,931</u>	<u>\$ 953,462</u>	<u>\$ 1,256,160</u>	<u>\$ 4,841,553</u>	<u>\$ 4,899,297</u>
Total therapeutic and training					
	<u>\$ 2,631,931</u>	<u>\$ 953,462</u>	<u>\$ 1,256,160</u>	<u>\$ 4,841,553</u>	<u>\$ 4,899,297</u>
Recreational					
Supplies	\$	\$	\$	\$ 0	\$ 2,737
House activities fund	13,530	4,096	3,427	21,053	15,727
	<u>\$ 13,530</u>	<u>\$ 4,096</u>	<u>\$ 3,427</u>	<u>\$ 21,053</u>	<u>\$ 18,464</u>
Total recreational					
	<u>\$ 13,530</u>	<u>\$ 4,096</u>	<u>\$ 3,427</u>	<u>\$ 21,053</u>	<u>\$ 18,464</u>
Total Residential - PRTF	<u>\$ 2,942,232</u>	<u>\$ 962,806</u>	<u>\$ 1,273,417</u>	<u>\$ 5,178,455</u>	<u>\$ 5,209,820</u>

**LOUISIANA UNITED METHODIST CHILDREN
AND FAMILY SERVICES, INC.**

**GENERAL OPERATING FUND DETAIL
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

	Location			Totals	
	Ruston	GNO	Southwest	2017	2016
EXPENSES (Cont'd)					
Recreational - PRTF					
Salaries	\$ 166,678	\$	\$	\$ 166,678	\$ 160,891
Payroll taxes	11,677			11,677	11,258
Employee benefits	28,366			28,366	30,319
Supplies	8,473			8,473	8,286
Activities fund	10,666			10,666	6,650
Training	2,567			2,567	2,447
Miscellaneous	257			257	410
Summer trip				0	4,007
Utilities	20,540			20,540	22,601
Total Recreational - PRTF	\$ 249,224	\$ 0	\$ 0	\$ 249,224	\$ 246,869
Educational Services					
Howard school					
Salaries	\$ 571,117	\$	\$	\$ 571,117	\$ 598,771
Payroll taxes	42,310			42,310	43,518
Employee benefits	66,455			66,455	68,569
School fees and tutorial				0	21
Supplies	28,821		220	29,041	27,859
Miscellaneous	10,626			10,626	13,834
Utilities	16,085			16,085	17,389
Intranet	5,295			5,295	6,020
Total school services	\$ 740,709	\$ 0	\$ 220	\$ 740,929	\$ 775,981
Vocational Tech Program					
Salaries	\$ 202,038	\$	\$	\$ 202,038	\$ 201,624
Payroll taxes	13,593			13,593	13,571
Employee benefits	40,754			40,754	30,510
Supplies	11,945			11,945	10,724
Repairs/maintenance	1,155			1,155	114
Travel	3,555			3,555	2,524
Telephone	3,293			3,293	1,992
Vehicle	493			493	0
Utilities	13,382			13,382	8,741
Miscellaneous	2,223			2,223	3,671
Total vocational tech program	\$ 292,431	\$ 0	\$ 0	\$ 292,431	\$ 273,471
Total Educational Services	\$ 1,033,140	\$ 0	\$ 220	\$ 1,033,360	\$ 1,049,452
Pastoral Care					
Salaries	\$ 55,612	\$ 1,420	\$ 4,579	\$ 61,611	\$ 68,332
Payroll taxes	1,025	115	359	1,499	2,444
Employee benefits	31,429	33	102	31,564	27,992
Allowance	17,652	68	2,566	20,286	7,381
Housing allowance	14,400			14,400	14,400
Supplies	4,922		472	5,394	6,951
Activities	1,185			1,185	3,874
Training	1,097		27	1,124	2,962
Miscellaneous	1,979	(151)	51	1,879	596
Travel	5,207			5,207	8,963
Utilities	21,479			21,479	26,501
Church gifts to residents	21,506	8,879	1,917	32,302	50,285
Total Pastoral Care	\$ 177,493	\$ 10,364	\$ 10,073	\$ 197,930	\$ 220,681

**LOUISIANA UNITED METHODIST CHILDREN
AND FAMILY SERVICES, INC.**

**GENERAL OPERATING FUND DETAIL
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

	Location			Totals	
	Ruston	GNO	Southwest	2017	2016
EXPENSES (Cont'd)					
Family Counseling Center					
Family counseling services					
Salaries	\$ 270,354	\$	\$	\$ 270,354	\$ 285,854
Payroll taxes	19,247			19,247	20,482
Employee benefits	50,850			50,850	47,757
Supplies	5,895			5,895	4,963
Banking and processing fees	1,666			1,666	1,800
Travel	7,340			7,340	4,863
Professional training	6,485			6,485	12,434
Reboot camp	23,513			23,513	0
Electronic health records	7,763			7,763	6,376
Miscellaneous	3,799			3,799	4,764
Utilities	5,802			5,802	3,110
Total family counseling services	<u>\$ 402,714</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 402,714</u>	<u>\$ 392,403</u>
CVA Grant					
Salaries	\$ 52,619	\$	\$	\$ 52,619	\$ 46,747
Payroll taxes	3,834			3,834	3,461
Employee benefits	2,794			2,794	5,325
Supplies	4,333			4,333	5,262
Training				0	7,595
Total CVA grant	<u>\$ 63,580</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 63,580</u>	<u>\$ 68,390</u>
Lincoln Health Foundation					
Salaries	\$ 120,432	\$	\$	\$ 120,432	\$ 105,866
Payroll taxes	8,616			8,616	6,770
Employee benefits	20,338			20,338	17,818
Supplies	5,273			5,273	2,818
Professional services	54,870			54,870	59,790
Miscellaneous	6,784			6,784	2,562
Total Lincoln Health Foundation	<u>\$ 216,313</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 216,313</u>	<u>\$ 195,624</u>
Total Family Counseling Center	<u>\$ 682,607</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 682,607</u>	<u>\$ 656,417</u>
Clinical Services					
Salaries	\$ 1,031,242	\$ 136,136	\$ 140,281	\$ 1,307,659	\$ 1,342,184
Payroll taxes	73,809	9,131	9,900	92,840	94,447
Employee benefits	161,207	22,110	24,703	208,020	198,883
Therapeutic supplies	1,760	89	2,197	4,046	5,872
Training	27,932	979	3,138	32,049	41,804
Travel	10,074		944	11,018	6,597
Office supplies	9,043			9,043	7,590
Utilities	4,275			4,275	3,603
Miscellaneous	9,705	2,501	4,663	16,869	9,111
Total Clinical Services	<u>\$ 1,329,047</u>	<u>\$ 170,946</u>	<u>\$ 185,826</u>	<u>\$ 1,685,819</u>	<u>\$ 1,710,091</u>
Life Skills Services					
Monroe Region					
Salaries	\$ 106,753	\$	\$	\$ 106,753	\$ 103,273
Payroll taxes	7,847			7,847	7,757
Employee benefits	14,982			14,982	18,922
Travel and seminar	12,279			12,279	14,791
Supplies	9,375			9,375	12,061
Maintenance contract				0	3,314
Postage	421			421	191
Miscellaneous	12,011			12,011	1,323
Telephone	991			991	463
Utilities	2,847			2,847	3,591
Total Monroe Region	<u>\$ 167,506</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 167,506</u>	<u>\$ 165,686</u>

**LOUISIANA UNITED METHODIST CHILDREN
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**GENERAL OPERATING FUND DETAIL
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

	Location			Totals	
	Ruston	GNO	Southwest	2017	2016
EXPENSES (Cont'd)					
Life Skills Services					
Covington Region					
Salaries	\$ 135,991	\$	\$	\$ 135,991	\$ 40,787
Payroll taxes	10,211			10,211	2,728
Employee benefits	6,781			6,781	3,994
Travel and seminar	5,029			5,029	0
Supplies	19,724			19,724	0
Rent	10,800			10,800	0
Miscellaneous	6,132			6,132	0
Telephone	1,571			1,571	0
Utilities	3,519			3,519	0
Total Covington Region	\$ 199,758	\$ 0	\$ 0	\$ 199,758	\$ 47,509
Lake Charles Region					
Salaries	\$ 66,371	\$	\$	\$ 66,371	\$ 11,379
Payroll taxes	4,450			4,450	677
Employee benefits	9,985			9,985	2,537
Travel and seminar	7,193			7,193	0
Supplies	12,496			12,496	0
Rent	5,748			5,748	0
Miscellaneous	1,336			1,336	0
Telephone	1,705			1,705	0
Utilities	413			413	0
Total Lake Charles Region	\$ 109,697	\$ 0	\$ 0	\$ 109,697	\$ 14,593
Lafayette Region					
Salaries	\$ 49,586	\$	\$	\$ 49,586	\$ 3,112
Payroll taxes	3,530			3,530	90
Employee benefits	5,516			5,516	318
Travel	5,461			5,461	0
Supplies	5,965			5,965	0
Rent	2,625			2,625	0
Miscellaneous	4,441			4,441	0
Utilities	686			686	0
Total Lafayette Region	\$ 77,810	\$ 0	\$ 0	\$ 77,810	\$ 3,520
Total Life Skills Services	\$ 554,771	\$ 0	\$ 0	\$ 554,771	\$ 231,308
Methodist Foster Care					
Salary	\$ 861,741	\$	\$	\$ 861,741	\$ 644,436
Payroll taxes	60,538			60,538	43,124
Employee benefits	126,357			126,357	76,741
Advertising / recruiting	38,969			38,969	35,512
Office Supplies	15,775			15,775	56,111
Insurance	44,914			44,914	28,711
Rent / Utilities	63,341			63,341	56,551
Telephone	37,065			37,065	18,872
Transportation / travel	132,001			132,001	114,544
Training	17,254			17,254	16,105
Foster care daily rate	762,484			762,484	567,480
Special board payment	39,818			39,818	26,967
Miscellaneous	5,773			5,773	17,346
Total Methodist Foster Care	\$ 2,206,030	\$ 0	\$ 0	\$ 2,206,030	\$ 1,702,500

**LOUISIANA UNITED METHODIST CHILDREN
AND FAMILY SERVICES, INC.**

**GENERAL OPERATING FUND DETAIL
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

	Location			Totals	
	Ruston	GNO	Southwest	2017	2016
EXPENSES (Cont'd)					
Outdoor Wilderness Learning Center					
Salaries	\$ 403,239	\$	\$	\$ 403,239	\$ 346,978
Payroll taxes	28,351			28,351	24,656
Employee benefits	53,470			53,470	47,109
Community events				0	14,659
Training and challenge course	7,841			7,841	8,837
Telephone	8,152			8,152	0
Utilities	33,148			33,148	40,196
Supplies - O.W.L.	8,357			8,357	3,777
Supplies - farm	42,505			42,505	43,706
Equipment and building repairs	20,381			20,381	16,759
Salsa and jelly supplies	30,376			30,376	25,955
Miscellaneous	19,988			19,988	23,675
Veterinarian fees	9,876			9,876	6,328
Vehicle cost	17,091			17,091	10,964
	<u>682,775</u>	<u>0</u>	<u>0</u>	<u>682,775</u>	<u>613,599</u>
Total Outdoor Wilderness Learning Center	<u>\$ 682,775</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 682,775</u>	<u>\$ 613,599</u>
Development and Public Relations					
Salaries	\$ 429,392	\$	\$	\$ 429,392	\$ 385,385
Payroll taxes	30,087			30,087	26,471
Employee benefits	65,335			65,335	58,347
Advertising	637			637	848
Supplies	14,505			14,505	10,383
Telephone	3,508			3,508	3,481
Web page	351			351	940
Printing	116,176			116,176	80,011
Postage	33,433			33,433	36,022
Travel and seminar	36,351			36,351	27,029
Regional development activities	1,098			1,098	1,616
Special events		15,699		15,699	15,572
Software maintenance	7,976			7,976	12,692
Miscellaneous	9,557			9,557	3,856
Grant proposals	3,300			3,300	3,450
Utilities	7,593			7,593	6,220
Vehicle cost	6,892			6,892	1,656
	<u>766,191</u>	<u>15,699</u>	<u>0</u>	<u>781,890</u>	<u>673,979</u>
Total Public Relations and Development	<u>\$ 766,191</u>	<u>\$ 15,699</u>	<u>\$ 0</u>	<u>\$ 781,890</u>	<u>\$ 673,979</u>
Family Plus					
Ruston Region					
Salaries	\$ 5,751	\$	\$	\$ 5,751	\$ 93,919
Payroll taxes	1,049			1,049	6,665
Employee benefits	2,629			2,629	16,385
Electronic health record	7,645			7,645	6,729
Advertising				0	3,192
Supplies	115			115	3,631
Telephone	205			205	1,710
Travel and seminar	1,910			1,910	10,783
Miscellaneous	1,051			1,051	2,657
	<u>20,355</u>	<u>0</u>	<u>0</u>	<u>20,355</u>	<u>145,671</u>
Total Ruston region	<u>\$ 20,355</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 20,355</u>	<u>\$ 145,671</u>

**LOUISIANA UNITED METHODIST CHILDREN
AND FAMILY SERVICES, INC.**

**GENERAL OPERATING FUND DETAIL
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

	Location			Totals	
	Ruston	GNO	Southwest	2017	2016
EXPENSES (Cont'd)					
Family Plus (Cont'd)					
Monroe Region					
Salaries	\$ 41,357	\$	\$	\$ 41,357	\$ 142,460
Payroll taxes	1,953			1,953	9,701
Employee benefits	5,382			5,382	23,672
Dues and licenses	650			650	433
Miscellaneous				0	1,582
Supplies	644			644	7,223
Telephone	1,342			1,342	7,368
Travel	510			510	5,613
Rent/Utilities	1,436			1,436	6,953
Training	2,805			2,805	7,868
Total Monroe region	<u>\$ 56,079</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 56,079</u>	<u>\$ 212,873</u>
Shreveport Region					
Salaries	\$ 99,542	\$	\$	\$ 99,542	\$ 133,508
Payroll taxes	7,650			7,650	9,105
Employee benefits	7,238			7,238	17,530
Dues and licenses	2,385			2,385	4,410
Miscellaneous				0	117
Rent	6,000			6,000	6,000
Supplies	4,424			4,424	2,118
Telephone	7,162			7,162	8,008
Travel	3,318			3,318	9,299
Training	3,267			3,267	3,902
Total Shreveport region	<u>\$ 140,986</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 140,986</u>	<u>\$ 193,997</u>
GNO					
Salaries	\$ 25,197	\$	\$	\$ 25,197	\$ 153,900
Payroll taxes	2,262			2,262	10,844
Employee benefits	2,907			2,907	13,809
Advertising				0	1,275
Dues and licenses				0	380
Miscellaneous				0	455
Office equipment / supplies	827			827	7,203
Telephone	258			258	1,573
Travel	2,059			2,059	18,492
Training				0	3,464
Total GNO	<u>\$ 33,510</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 33,510</u>	<u>\$ 211,395</u>
Lake Charles Region					
Salary	\$ 140,711	\$	\$	\$ 140,711	\$ 142,248
Payroll taxes	9,811			9,811	9,701
Employee benefits	18,486			18,486	18,811
Advertising				0	1,228
Dues and licenses	2,440			2,440	2,630
Supplies	4,036			4,036	4,545
Miscellaneous	35			35	178
Telephone	6,144			6,144	5,706
Travel	7,764			7,764	17,336
Training	4,784			4,784	5,167
Rent	1,800			1,800	0
Total Lake Charles region	<u>\$ 196,011</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 196,011</u>	<u>\$ 207,550</u>
Total Family Plus	<u>\$ 446,941</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 446,941</u>	<u>\$ 971,486</u>
Capital Expenditures					
Equipment and trailers	\$ 3,170	\$	\$	\$ 3,170	\$ 2,495
Furniture and fixtures	17,050		1,690	18,740	46,003
Building and improvements	17,653		7,538	25,191	40,244
Total Capital Expenditures	<u>\$ 37,873</u>	<u>\$ 0</u>	<u>\$ 9,228</u>	<u>\$ 47,101</u>	<u>\$ 88,742</u>
Total Expenses	<u>\$ 20,951,485</u>	<u>\$ 2,167,355</u>	<u>\$ 2,862,952</u>	<u>\$ 25,981,792</u>	<u>\$ 26,135,366</u>

**LOUISIANA UNITED METHODIST CHILDREN
AND FAMILY SERVICES, INC.**

**STATEMENTS OF CHANGES IN GENERAL FIXED ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

DECEMBER 31, 2017

	Land and Improvements	Buildings and Improvements	Construction in Progress	Autos Furniture and Equipment	Total
GENERAL FIXED ASSETS - BEGINNING OF YEAR	\$ 2,192,758	\$ 21,800,833	\$ 4,021	\$ 4,257,273	\$ 28,254,885
Transfers	\$ 1,632	\$ 2,389	\$ (4,021)	\$ 0	\$ 0
Additions					
General operating fund	\$ 0	\$ 25,191	\$ 3,170	\$ 18,740	\$ 47,101
Local investment fund	32,745	311,253	209,157	242,480	795,635
General fixed asset	445,000	0	0	0	445,000
Total additions	\$ 477,745	\$ 336,444	\$ 212,327	\$ 261,220	\$ 1,287,736
Retirements					
General fixed assets	\$ (26,088)	\$ (255,638)	\$ 0	\$ (315,836)	\$ (597,562)
GENERAL FIXED ASSETS - END OF YEAR	<u>\$ 2,646,047</u>	<u>\$ 21,884,028</u>	<u>\$ 212,327</u>	<u>\$ 4,202,657</u>	<u>\$ 28,945,059</u>

DECEMBER 31, 2016

	Land and Improvements	Buildings and Improvements	Construction in Progress	Autos Furniture and Equipment	Total
GENERAL FIXED ASSETS - BEGINNING OF YEAR	\$ 1,987,096	\$ 21,168,868	\$ 254,573	\$ 3,939,291	\$ 27,349,828
Transfers	\$ 0	\$ 212,186	\$ (254,573)	\$ 42,387	\$ 0
Additions					
General operating fund	\$ 2,500	\$ 40,565	\$ 0	\$ 45,677	\$ 88,742
Local investment fund	210,853	552,511	4,021	402,035	1,169,420
Total additions	\$ 213,353	\$ 593,076	\$ 4,021	\$ 447,712	\$ 1,258,162
Retirements					
General fixed assets	\$ (7,691)	\$ (173,297)	\$ 0	\$ (172,117)	\$ (353,105)
GENERAL FIXED ASSETS - END OF YEAR	<u>\$ 2,192,758</u>	<u>\$ 21,800,833</u>	<u>\$ 4,021</u>	<u>\$ 4,257,273</u>	<u>\$ 28,254,885</u>

GARDNER, LANGSTON AND BRYAN

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**INDEPENDENT AUDITOR'S 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**

To the Board of Directors of
Louisiana United Methodist Children
and Family Services, Inc.

We have audited, 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, the financial statements of Louisiana United Methodist Children and Family Services, Inc. (a nonprofit organization) which comprise the statement of financial position as of December 31, 2017 and 2016, and the related statements of activities and cash flows for the years ended December 31, 2017 and 2016, as listed in the table of contents, and the related notes to the financial statements, and have issued our report thereon dated June 12, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of Louisiana United Methodist Children and Family Services, Inc.'s as of and for the years ended December 31, 2017 and 2016, in accordance with auditing standards generally accepted in the United States of America, we considered Louisiana United Methodist Children and Family Services, Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Organization's Internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses or significant deficiencies. However, material weaknesses or significant deficiencies may exist that were not identified.

A *deficiency* in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We did not identify any deficiencies in internal control that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Louisiana United Methodist Children and Family Services, 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this communication is distributed by the Legislative Auditor as a public document.

Gardner, Langston, and Bryan, CPAs


Monroe, Louisiana
June 12, 2018

**LOUISIANA UNITED METHODIST CHILDREN
AND FAMILY SERVICES, INC.**

**SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Section I: Summary of Auditor's Results

Financial Statements

Type of auditor's report issued Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses _____ Yes X No
- Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified? _____ Yes X None reported

Type of Auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? _____ Yes X No

Identification of Major Programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
93.674	U. S. Department of Health and Human Services: Independent Living Program
16.575	U. S. Department of Justice Office: Child Abuse Counseling Program

Dollar threshold used to distinguish between type A and B Programs: \$750,000

Auditee qualified as low-risk auditee? _____ Yes X No

State Awards

Internal control over major State programs:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified? _____ Yes X No

Type of auditor's report issued on compliance for major State programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act: _____ Yes X No

Section II: Financial Statement Findings

There were no findings related to the financial statements for the year ended December 31, 2017

Section III: Federal Award Findings and Questioned Costs

There were no items identified in the course of our testing during the current year required to be reported.

Section IV: State Award Findings and Questioned Costs

There were no items identified in the course of our testing during the current year required to be reported.

**LOUISIANA UNITED METHODIST CHILDREN
AND FAMILY SERVICES, INC.**

**SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Section I: Summary of Auditor's Results

Financial Statements

Type of auditor's report issued Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses X Yes _____ No
- Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified? _____ Yes X None reported

Type of Auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? _____ Yes X No

Identification of Major Programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
93.674	U. S. Department of Health and Human Services: Independent Living Program
16.575	U. S. Department of Justice Office: Child Abuse Counseling Program

Dollar threshold used to distinguish between type A and B Programs: \$750,000

Auditee qualified as low-risk auditee? _____ Yes X No

State Awards

Internal control over major State programs:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified? _____ Yes X No

Type of auditor's report issued on compliance for major State programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act: _____ Yes X No

**LOUISIANA UNITED METHODIST CHILDREN
AND FAMILY SERVICES, INC.**

**SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Section II: Financial Statement Findings

Finding: 2016-01	Accrued compensation account was not adjusted during the year end closing process.
Condition:	A significant internal control deficiency was noted with respect to the reverse accrual and accrual of wages. The Louisiana United Methodist Children and Family Services, Inc. had failed to reverse the prior year accrual of wages and to record the current year accrual of wages.
Criteria:	Proper accrual of wage liabilities that existed as of the end of the year is necessary to reflect the proper allocation of expenses to appropriate general ledger wage accounts.
Effect:	The Louisiana United Methodist Children and Family Services, Inc. initially reflected an understatement of wage expense on the statements of activities, an understatement of liabilities on the statement of financial position, and an overstatement of net assets.
Cause:	Personnel responsible for accruing the wages did not identify the variance and an adequate checklist did not exist to ensure compliance with the internal controls in place.
Questioned Cost:	None, all accruals were subsequently posted by the CFO.
Recommendations:	We recommend monthly reconciliations be performed in a timely manner for all liability accounts (including wages) and that appropriate corrective action is taken to resolve any identified variances. We recommend management monitor the reconciliation process to assure timely and accurate performance of the reconciliations and ultimate resolution of variances identified.
Views of responsible officials and planned corrective actions:	To ensure all required year end entries are made, Louisiana United Methodist Children and Family Services, Inc. will update policies and procedures to ensure there is an adequate complete checklist for year end close out.

Section III: Federal Award Findings and Questioned Costs

There were no items identified in the course of our testing during the current year required to be reported.

Section IV: State Award Findings and Questioned Costs

There were no items identified in the course of our testing during the current year required to be reported.

**LOUISIANA UNITED METHODIST CHILDREN
AND FAMILY SERVICES, INC.**

**SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED DECEMBER 31, 2017**

Agency Head Name: Rick Wheat, President and CEO

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 175,000
Benefits-insurance	20,214
Benefits-retirement	10,500
Benefits-FICA	10,414
Car allowance	N/A
Vehicle provided by Organization	N/A
Per diem	N/A
Reimbursements	105
Travel	1,467
Registration fees	531
Conference travel	1,622
Continuing professional education fees	N/A
Housing	N/A
Unvouchered expenses	N/A
Special Meals	N/A