

FAMILY SERVICE OF GREATER NEW ORLEANS

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION ON  
INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE  
AND OTHER MATTERS IN ACCORDANCE WITH GOVERNMENT AUDITING  
STANDARDS AND COMPLIANCE WITH REQUIREMENTS APPLICABLE TO  
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133

Year Ended June 30, 2005

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

Release Date 9-5-07

FAMILY SERVICE OF GREATER NEW ORLEANS

Year Ended June 30, 2005

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INDEPENDENT AUDITOR'S REPORT

President and Board of Directors  
Family Service of Greater New Orleans  
New Orleans, Louisiana

We have audited the accompanying statement of financial position of Family Service of Greater New Orleans (a nonprofit organization) ("Family Service") as of June 30, 2005, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of Family Service's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from Family Service's 2004 financial statements and, in our report dated November 2, 2004, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Family Service of Greater New Orleans as of June 30, 2005, and the changes in its net assets and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2006, on our consideration of Family Service of Greater New Orleans' internal control over financial reporting, and on our tests of its compliance with certain provisions of laws, regulations, contracts and 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,

President and Board of Directors  
Family Service of Greater New Orleans

and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of Family Service of Greater New Orleans taken as a whole. The Schedule of Revenue and Expenses - United Way Budget Format is presented for purposes of additional analysis and is not a required part of the financial statements of Family Service of Greater New Orleans. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Spilsbury, Hamilton, Legendre & Paciera*

June 29, 2007

SPILSBURY, HAMILTON, LEGENDRE & PACIERA  
CERTIFIED PUBLIC ACCOUNTANTS

FAMILY SERVICE OF GREATER NEW ORLEANS  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2005  
With Summarized Financial Information  
at June 30, 2004

	<u>2005</u>	<u>2004</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 711,744	\$ 492,395
Accounts receivable	351,400	303,728
Contributions receivable	609,780	601,493
Prepaid expenses	4,583	5,021
Cash equivalents restricted to investment in property and equipment	57,532	57,532
Equipment and leasehold improvements, net	126,293	160,597
Deposits	4,594	4,594
Cash equivalents restricted for permanent endowment	64,280	64,280
Beneficial interest in assets held by others	<u>30,820</u>	<u>30,820</u>
<i>Total Assets</i>	<u>\$1,961,026</u>	<u>\$1,720,460</u>
<u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Accounts payable	\$ 125,825	\$ 85,607
Accrued salaries	41,211	25,941
Accrued vacation	37,363	54,091
Deferred revenue	2,500	2,500
Refundable advances	<u>85,272</u>	<u>85,272</u>
<i>Total Liabilities</i>	<u>292,171</u>	<u>253,411</u>
Net Assets:		
Unrestricted net assets	906,342	724,308
Temporarily restricted net assets	698,233	678,461
Permanently restricted net assets	<u>64,280</u>	<u>64,280</u>
<i>Total Net Assets</i>	<u>1,668,855</u>	<u>1,467,049</u>
<i>Total Liabilities and Net Assets</i>	<u>\$1,961,026</u>	<u>\$1,720,460</u>

See accompanying notes to financial statements.

FAMILY SERVICE OF GREATER NEW ORLEANS  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2005  
With Summarized Financial Information  
for the Year Ended June 30, 2004

	<u>Unrestricted</u>
<u>SUPPORT AND REVENUE</u>	
Contributions	\$ 17,444
Private grants	240
Fees and grants from governmental agencies	2,343,974
Program service fees	347,579
Fund-raising revenue	64,797
Interest income	9,814
United Way allocations and designations	12,572
Miscellaneous revenue	2,438
Net assets released from restrictions	<u>592,653</u>
 <i>Total Support and Revenue</i>	 <u>3,391,511</u>
<u>EXPENSES</u>	
Program services:	
Counseling	1,505,679
At-Risk Children and Youth	930,324
Family and Individual Support	<u>559,955</u>
	<u>2,995,958</u>
Supporting services:	
Fund-raising and development	75,861
Management and general	<u>137,658</u>
	<u>213,519</u>
 <i>Total Expenses</i>	 <u>3,209,477</u>
<u>INCREASE NET ASSETS</u>	182,034
<u>NET ASSETS</u>	
Beginning of Year	<u>724,308</u>
End of Year	<u>\$ 906,342</u>

See accompanying notes to financial statements.

<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2005 Total</u>	<u>2004 Total</u>
\$ 0	\$ 0	\$ 17,444	\$ 18,989
17,645	0	17,885	43,215
0	0	2,343,974	1,961,602
0	0	347,579	399,426
0	0	64,797	77,858
0	0	9,814	5,302
594,780	0	607,352	595,070
0	0	2,438	896
<u>(592,653)</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>19,772</u>	<u>0</u>	<u>3,411,283</u>	<u>3,102,358</u>
0	0	1,505,679	1,470,065
0	0	930,324	744,819
<u>0</u>	<u>0</u>	<u>559,955</u>	<u>453,902</u>
<u>0</u>	<u>0</u>	<u>2,995,958</u>	<u>2,668,786</u>
0	0	75,861	108,597
<u>0</u>	<u>0</u>	<u>137,658</u>	<u>193,106</u>
<u>0</u>	<u>0</u>	<u>213,519</u>	<u>301,703</u>
<u>0</u>	<u>0</u>	<u>3,209,477</u>	<u>2,970,489</u>
19,772	0	201,806	131,869
<u>678,461</u>	<u>64,280</u>	<u>1,467,049</u>	<u>1,335,180</u>
<u>\$698,233</u>	<u>\$64,280</u>	<u>\$1,668,855</u>	<u>\$1,467,049</u>

FAMILY SERVICE OF GREATER NEW ORLEANS  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2005  
With Summarized Financial Information  
for the Year Ended June 30, 2004

	<u>Counseling</u>	<u>At-Risk Children and Youth</u>	<u>Family and Individual Support</u>
Salaries	\$1,035,378	\$398,620	\$299,475
Employee benefits	82,533	26,343	18,868
Payroll taxes	<u>84,735</u>	<u>30,855</u>	<u>27,401</u>
<i>Total Employee Compensation</i>	1,202,646	455,818	345,744
Bad debts	0	0	0
Bank charges	42	48	11
Conferences and meetings	6,764	1,914	1,381
Depreciation	26,470	8,102	7,039
Dues and memberships	6,082	976	1,259
Equipment repairs and maintenance	13,442	8,768	3,364
Insurance	4,992	987	1,055
Miscellaneous	991	147	120
Occupancy	120,823	108,739	52,258
Postage and shipping	5,721	1,470	1,113
Printing and publications	2,801	772	3,721
Professional fees	36,291	246,112	20,237
Routine staff travel	3,619	19,772	4,473
Specific assistance	625	17,839	52,516
Supplies	42,551	40,875	56,087
Telephone	<u>31,819</u>	<u>17,985</u>	<u>9,577</u>
<i>Total Expenses</i>	<u>\$1,505,679</u>	<u>\$930,324</u>	<u>\$559,955</u>

See accompanying notes to financial statements.



<u>Total Program Services</u>	<u>Fund-raising and Development</u>	<u>Management and General</u>	<u>Total Supporting Services</u>	<u>Total Program and Supporting Services Expenses</u>	
				<u>2005</u>	<u>2004</u>
\$1,733,473	\$31,726	\$ 48,369	\$ 80,095	\$1,813,568	\$1,760,043
127,744	4,600	19,620	24,220	151,964	129,772
<u>142,991</u>	<u>997</u>	<u>17,019</u>	<u>18,016</u>	<u>161,007</u>	<u>148,560</u>
2,004,208	37,323	85,008	122,331	2,126,539	2,038,375
0	0	0	0	0	6,509
101	0	100	100	201	336
10,059	20,410	2,727	23,137	33,196	37,413
41,611	1,016	7,424	8,440	50,051	68,449
8,317	33	1,302	1,335	9,652	15,155
25,574	1,293	2,168	3,461	29,035	25,516
7,034	32	1,226	1,258	8,292	9,111
1,258	475	3,657	4,132	5,390	15,387
281,820	6,881	20,572	27,453	309,273	236,781
8,304	878	1,150	2,028	10,332	14,641
7,294	4,258	563	4,821	12,115	23,052
302,640	1,201	5,641	6,842	309,482	255,490
27,864	133	429	562	28,426	25,339
70,980	0	100	100	71,080	52,969
139,513	838	3,287	4,125	143,638	86,887
<u>59,381</u>	<u>1,090</u>	<u>2,304</u>	<u>3,394</u>	<u>62,775</u>	<u>59,079</u>
<u>\$2,995,958</u>	<u>\$75,861</u>	<u>\$137,658</u>	<u>\$213,519</u>	<u>\$3,209,477</u>	<u>\$2,970,489</u>

FAMILY SERVICE OF GREATER NEW ORLEANS  
STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2005  
With Summarized Financial Information  
for the Year Ended June 30, 2004

	<u>2005</u>	<u>2004</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Increase in net assets	\$201,806	\$131,869
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation	50,051	68,449
(Increase) decrease in assets:		
Accounts receivable	(47,672)	(57,073)
Contribution receivable	(8,287)	42,896
Prepaid expenses and deposits	438	6,447
Increase (decrease) in liabilities:		
Accounts payable	34,071	(42,176)
Accrued salaries	15,270	4,567
Accrued vacation	(16,728)	(29,209)
Deferred revenue	<u>0</u>	<u>(21,875)</u>
Net Cash Provided by Operating Activities	<u>228,949</u>	<u>103,895</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Decrease in cash equivalents restricted for investment in property and equipment	0	3,483
Purchase of investments	0	(3,411)
Purchase of property and equipment	(9,600)	(21,190)
(Increase) in cash equivalents restricted for permanent endowment	<u>0</u>	<u>(72)</u>
Net Cash (Used for) Investing Activities	<u>(9,600)</u>	<u>(21,190)</u>
Net Increase in Cash and Cash Equivalents	219,349	82,705
Cash and Cash Equivalents -		
Beginning of Year	<u>492,395</u>	<u>409,690</u>
End of Year	<u>\$711,744</u>	<u>\$492,395</u>

Supplemental Schedule of Cash Flow Information

Cash paid during the year for:

Interest	\$ <u>0</u>	\$ <u>0</u>
Income taxes	\$ <u>0</u>	\$ <u>0</u>

See accompanying notes to financial statements.

FAMILY SERVICE OF GREATER NEW ORLEANS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2005

A. Description of Organization

Family Service of Greater New Orleans ("Family Service"), a non-profit organization, is a member agency of the Alliance for Children and Families, and is a United Way Agency. Its principal programs include: (1) counseling individuals and families; (2) at-risk children and youth programs; and (3) family and individual support programs.

Family Service is exempt from income tax under Section 501(c)(3) of the U. S. Internal Revenue Code and comparable state law, and contributions to it are tax deductible within the limitations prescribed by the Code.

B. Summary of Significant Accounting Policies

Basis of Accounting and Presentation

Family Service prepares its financial statements on the accrual basis of accounting. The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, Family Service 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.

Prior Year Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2004, from which the summarized information was derived.

FAMILY SERVICE OF GREATER NEW ORLEANS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)  
JUNE 30, 2005

Summary of Significant Accounting Policies (Cont'd)

Reclassifications

Certain accounts in the prior-year summarized financial information have been reclassified for comparative purposes to conform to the presentation in the current-year financial statements.

Cash and Cash Equivalents

For the purposes of the statements of cash flows, Family Service considers all unrestricted highly liquid investments purchased with an initial maturity of three months or less to be cash equivalents.

Accounts Receivable and Bad Debts

Family Service uses the specific write-off method of accounting for bad debts which recognizes bad debt expense at the time the account is deemed worthless. Therefore, an allowance for doubtful accounts is not reflected in these financial statements because management believes that all accounts are collectible.

Generally accepted accounting principles require that accounts receivable be reported at their present realizable cash value. Therefore, the allowance method of recovering bad debts is the preferred method of accounting, except as in this case when the difference between the two methods is immaterial.

Investments

Family Service records its investments in accordance with SFAS No. 124, "Accounting for Certain Investments Held by Not-for-Profit Organizations." Under SFAS No. 124, investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statement of financial position. Unrealized gains and losses are included in the changes in unrestricted or temporarily restricted net assets, depending on whether or not there are donor-imposed restrictions on the gains and losses.

Equipment and Leasehold Improvements

Equipment and leasehold improvements greater than \$1,000 are capitalized at their purchase price, or, in the case of a contributed asset, at the estimated fair market value at the date of receipt.

FAMILY SERVICE OF GREATER NEW ORLEANS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)  
JUNE 30, 2005

Summary of Significant Accounting Policies (Cont'd)

Equipment and Leasehold Improvements (Cont'd)

Depreciation is computed using the straight-line method over the following estimated lives:

Equipment	5 years
Leasehold improvements	10 years

Under certain cost reimbursement contracts with the State of Louisiana, Family Service is allowed to purchase equipment over \$1,000, subject to the provision that upon the termination of the contract this equipment may be claimed by the state. As a result, in conformity with the contract provisions, Family Service has expensed these items in the year of the purchase since the contracts terminate within one to two years. Included in expenses for fiscal year 2005 is \$18,747 of equipment purchases under these cost reimbursement contracts.

Net Assets

Net assets are included in one of the following three classifications, depending on the presence and type of donor-imposed restrictions.

*Unrestricted Net Assets* - Those net assets whose use is not restricted by donors.

*Temporarily Restricted Net Assets* - Those net assets whose use by Family Service has been limited by donors (a) to later periods of time or after specified dates, or (b) to specific purposes.

*Permanently Restricted Net Assets* - Those net assets that must be maintained in perpetuity due to donor-imposed restrictions that will neither expire with the passage of time nor be removed by meeting certain requirements.

Contributions

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

Donor support in the form of cash and other assets is reported as restricted support if it is 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,

FAMILY SERVICE OF GREATER NEW ORLEANS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)  
JUNE 30, 2005

Summary of Significant Accounting Policies (Cont'd)

Contributions (Cont'd)

temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, Family Service reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. Family Service reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Family Service recognizes contributed services at their fair value that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

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*. Accordingly, certain costs have been allocated among programs and supporting services benefitted.

C. Contributions Receivable

The contributions receivable at June 30, 2005 are categorized by source as follows.

Private grants	\$ 15,000
United Way allocations	<u>594,780</u>
<i>Total</i>	<u>\$609,780</u>
Receivable in less than one year	\$602,780
Receivable in one to five years	<u>7,000</u>
<i>Total</i>	<u>\$609,780</u>

FAMILY SERVICE OF GREATER NEW ORLEANS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)  
JUNE 30, 2005

Contributions Receivable (Cont'd)

No discount or allowance for uncollectible amounts has been recorded for these items because management considers all collectible amounts and any discount to be insignificant.

D. Equipment and Leasehold Improvements

Equipment and leasehold improvements consist of the following.

Equipment	\$312,989
Leasehold improvements	165,720
Less: Accumulated depreciation	<u>(352,416)</u>
	<u>\$126,293</u>

In 2005, depreciation expense was \$50,051.

E. Beneficial Interest in Assets Held by Others

Family Service has two endowment funds at the Greater New Orleans Foundation ("GNOF"). Under their agreement, annual distributions will be made to Family Service, subject to GNOF's spending policy. The agreement also grants GNOF the power to substitute another beneficiary in place of Family Service if its Board of Trustees determines that Family Service has become unnecessary, obsolete, incapable of fulfillment, impractical or inconsistent with the community's charitable needs. Therefore, since variance power was granted to GNOF, contributions and interest earned on these endowment funds will only be recognized as income when they are distributed to Family Service.

These endowment funds, totaling \$30,820, are reported in the *Statement of Financial Position* as the Beneficial Interest in Assets Held by Others and are included in permanently restricted net assets.

F. Retirement Plan

Family Service offers a defined contribution retirement plan for full-time employees over 21 years old having at least one year of service. Contributions to the plan are at the discretion of the Board of Directors. The amounts in a participant's account shall be 100% vested upon the attainment of his normal retirement age or, if earlier, upon meeting the applicable vesting requirements listed below.

<u>Years of Vesting Service</u>	<u>Vesting Percentage</u>
Less than 3	0
3	50
4	75
5	100

FAMILY SERVICE OF GREATER NEW ORLEANS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)  
JUNE 30, 2005

Retirement Plan (Cont'd)

In 2005, Family Service contributed \$70,766 to the defined contribution retirement plan based on 7.5% of the base salary of the eligible employees.

G. Commitments

Family Service presently conducts its operations at six locations in the Metropolitan New Orleans Area. The locations have operating leases expiring through December 31, 2009.

Rental expense for occupancy amounted to \$219,035 for the year ended June 30, 2005. In addition, Family Service has five 60-month operating leases for copy machines. Rental payments under these leases were \$15,212 for 2005.

Future minimum commitments under all operating lease agreements are as follows.

2006	\$271,968
2007	261,262
2008	233,838
2009	143,449
2010	<u>44,400</u>
	<u>\$954,917</u>

H. Concentrations

During fiscal year 2005, Family Service received \$607,352 from the United Way, which represents 18% of total support and revenue.

At June 30, 2005, Family Service had a contribution receivable from the United Way totaling \$594,780, which represents 30% of total assets.

I. Line of Credit

Whitney National Bank ("the Bank") authorized Family Service to borrow up to \$50,000. This line of credit matures on March 1, 2006. As collateral, Family Service granted the Bank a continuing security interest in any and all funds that Family Service may now and in the future have on deposit with the Bank. Interest is calculated using the Bank's prime lending rate. At June 30, 2005, there was no balance outstanding under this line of credit.



FAMILY SERVICE OF GREATER NEW ORLEANS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)  
JUNE 30, 2005

J. Unrestricted Net Assets

Unrestricted net assets consist of the following:

Carrying value after accumulated depreciation of equipment and leasehold improvements	\$126,293
Net assets available for general activities	<u>780,049</u>
	<u>\$906,342</u>

K. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes.

Counseling Program activities: United Way	\$540,269
At-Risk Children and Youth Program activities:	
United Way	\$48,512
Families and Schools Together	8,651
St. Bernard programs	6,074
East Jefferson programs	4,014
Circle of Security	<u>3,000</u>
	70,251
Family and Individual Support Program activities:	
United Way	6,000
Operation Home Front	<u>1,409</u>
	7,409
GPOA Youth Services	7,699
Hibernia Bank - Clinical Symposium	1,073
Purchases of property and equipment: Other	57,532
Time-restricted Program Activities: Reilly Foundation	<u>14,000</u>
	<u>\$698,233</u>

The following temporarily restricted net assets were released from restrictions during 2005 due to the satisfaction of donor restrictions.

FAMILY SERVICE OF GREATER NEW ORLEANS  
 NOTES TO FINANCIAL STATEMENTS  
 (Continued)  
JUNE 30, 2005

Temporarily Restricted Net Assets (Cont'd)

Counseling Program activities:		
United Way		\$525,039
At-Risk Children and Youth Program activities:		
United Way	\$48,512	
Families and Schools Together	27	
East Jefferson programs	11	
St. Bernard Parish programs	<u>711</u>	49,261
Family and Individual Support Program activities:		
United Way	5,942	
Operation Home Front	2,466	
Other	<u>2,945</u>	11,353
Time-restricted Program activities:		
Reilly Foundation		<u>7,000</u>
		<u>\$592,653</u>

L. Permanently Restricted Net Assets

Permanently restricted net assets are restricted to investment in perpetuity, the income from which is restricted as follows.

Hibernia Bank - Clinical Symposium		\$30,000
Available for general activities:		
Capital Campaign contributions	\$ 8,850	
Other	<u>25,430</u>	<u>34,280</u>
		<u>\$64,280</u>

M. Subsequent Events

On August 29, 2005, Hurricane Katrina severely impacted the Metropolitan New Orleans Area. Family Service of Greater New Orleans was forced to suspend operations at most of their locations. Their main office reopened January 2006. Other locations were reopened between September 2005 and July 2006. Family Service of Greater New Orleans estimates their damages to be approximately \$71,000, of which nearly \$25,000 was recovered from insurance. While there was revenue loss, expenses were also limited. There was no significant financial loss other than what is noted above.

SUPPLEMENTARY INFORMATION

FAMILY SERVICE OF GREATER NEW ORLEANS  
 SCHEDULE OF REVENUE AND EXPENSES -  
 UNITED WAY BUDGET FORMAT  
 YEAR ENDED JUNE 30, 2005

	<u>Agency Total</u>	<u>Supporting Services</u>
<u>REVENUE</u>		
4200 Board-generated self-support	\$ 100,126	\$ 70,323
4201 Client-generated self-support	347,579	0
5000 Government grants and contract	2,343,974	0
6700 Other revenue	<u>12,252</u>	<u>12,239</u>
Total Self-Generated Revenue	2,803,931	82,562
4702 United Way designations	8,839	8,839
4703 CFC designations	<u>3,733</u>	<u>3,733</u>
Total Revenue	2,816,503	95,134
4701 United Way allocations	<u>579,492</u>	<u>0</u>
Grand Total Revenue	<u>3,395,995</u>	<u>95,134</u>
<u>EXPENSES</u>		
7300 Compensation expenses	2,126,539	122,331
8400 Occupancy	309,273	27,453
8700 Travel and transportation	28,426	562
8900 Specific assistance	71,080	100
9402 Board-generated self-support	30,508	30,508
9400 Other direct program/support	<u>593,600</u>	<u>24,125</u>
Grand Total Expenses	<u>3,159,426</u>	<u>205,079</u>
Net Difference	<u>236,569</u>	<u>(109,945)</u>
9500 Depreciation	<u>50,051</u>	<u>8,440</u>

EXPENSE ANALYSIS

Total direct program expenses  
 Percent of total program expenses  
 Distribution of supporting services expenses  
 Grand total program expenses  
 Unduplicated people served  
 Cost per person

Note 1: The Schedule of Revenue and Expenses - United Way Budget Format is prepared on the accrual basis of accounting, except for the United Way allocations, which are recorded on a cash basis.

Total Program Services	Program Services		
	<u>Counseling</u>	<u>At-Risk Children and Youth</u>	<u>Family and Individual Support</u>
\$ 29,803	\$ 12,158	\$ 7,000	\$ 10,645
347,579	338,744	8,835	0
2,343,974	967,728	949,512	426,734
13	13	0	0
<u>2,721,369</u>	<u>1,318,643</u>	<u>965,347</u>	<u>437,379</u>
0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
2,721,369	1,318,643	965,347	437,379
<u>579,492</u>	<u>525,039</u>	<u>48,512</u>	<u>5,941</u>
<u>3,300,861</u>	<u>1,843,682</u>	<u>1,013,859</u>	<u>443,320</u>
2,004,208	1,202,646	455,818	345,744
281,820	120,823	108,739	52,258
27,864	3,619	19,772	4,473
70,980	625	17,839	52,516
0	0	0	0
<u>569,475</u>	<u>151,496</u>	<u>320,054</u>	<u>97,925</u>
<u>2,954,347</u>	<u>1,479,209</u>	<u>922,222</u>	<u>552,916</u>
<u>346,514</u>	<u>364,473</u>	<u>91,637</u>	<u>(109,596)</u>
<u>41,611</u>	<u>26,470</u>	<u>8,102</u>	<u>7,039</u>
	<u>\$1,479,209</u>	<u>\$922,222</u>	<u>\$552,916</u>
	<u>50.07%</u>	<u>31.22%</u>	<u>18.72%</u>
	<u>\$102,681</u>	<u>\$64,017</u>	<u>\$38,381</u>
	<u>\$1,581,890</u>	<u>\$986,239</u>	<u>\$591,297</u>
	<u>6,044</u>	<u>1,820</u>	<u>700</u>
	<u>\$262.00</u>	<u>\$542.00</u>	<u>\$845.00</u>

FAMILY SERVICE OF GREATER NEW ORLEANS  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2005

Federal Grantor Pass-through Grantor Additional Pass-through Grantor Federal CFDA Program Title <u>Family Service of Greater New Orleans Program Title</u>	<u>Federal        CFDA or        Other        Identifying        Number</u>
<b>Department of Health and Human Services</b>	
Passed through Louisiana Department of Social Services Promoting Safe and Stable Families Child Welfare Family Resource Center/Eastbank Child Welfare Family Resource Center/Westbank Foster and Adoptive Family Resource Center	93.556
Passed through Volunteers of America of Greater New Orleans Promoting Safe and Stable Families Volunteers of America of Greater New Orleans Collaborative	93.556
Passed through the Louisiana Supreme Court Passed through Orleans Parish Criminal Court Temporary Assistance for Needy Families Drug Court Continuing Care Mental Health	93.558
Passed through Louisiana Department of Social Services Community-Based Child Abuse Prevention Grants Families and Schools Together, and Active Parenting Adoption Opportunities Foster Adoptive Respite Services Foster Care - Title IV-E Foster Care (TIPS) Positive Youth Development Chafee Foster Care Independence Program Independent Living Skills Education and Training vouchers	93.590  93.652  93.658  93.674
Passed through Louisiana Department of Health and Hospitals Substance Abuse and Mental Health Services Projects of Regional and National Significance LA-YES Case Management	93.243
<i>Total Department of Health and Human Services</i>	

Federal  
Expenditures

\$191,308  
251,068  
157,384

15,963            \$ 615,723

577,547  
78,120  
36,000            691,667

24,898

18,259

6,345  
15,072            21,417

135,700  
43,257            178,957

185,784

1,736,705

FAMILY SERVICE OF GREATER NEW ORLEANS  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 (Continued)  
YEAR ENDED JUNE 30, 2005

Federal Grantor Pass-through Grantor Additional Pass-through Grantor Federal CFDA Program Title <u>Family Service of Greater New Orleans Program Title</u>	Federal CFDA or Other Identifying <u>Number</u>
<b>Department of Justice</b>	
United States Probation Office	
Community Care Services	5025
Pretrial Services	5027
 Federal Bureau of Prisons	
Bureau of Prisons	5028
 Passed through Louisiana Commission on Law Enforcement	
Crime Victim Assistance	16.575
Domestic Violence Counseling Program	
Victims Assistance Program	
Child Sexual Abuse Counseling Program	
Victim Outreach Program	
 Total Department of Justice	
 <b>Department of Labor</b>	
Passed through Tulane University	
WIA Youth Activities	17.259
Youth Services	
 Passed through Louisiana Office of Youth Development	
WIA Youth Activities	17.259
Office of Youth Services	
 Total Expenditures of Federal Awards	



Federal  
Expenditures

\$155,638	
<u>61,566</u>	\$ 217,204

52,512

81,980	
52,913	
11,231	
<u>21,717</u>	<u>167,841</u>
	<u>437,557</u>

64,838

<u>29,898</u>	<u>94,736</u>
	<u>\$2,268,998</u>

FAMILY SERVICE OF GREATER NEW ORLEANS  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 (Continued)  
YEAR ENDED JUNE 30, 2005

NOTE 1: The Schedule of Expenditures of Federal Awards is prepared on the accrual basis of accounting.

NOTE 2: Of the federal expenditures presented in the schedule, Family Service of Greater New Orleans provided federal awards to subrecipients as follows.

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Subrecipient's Name</u>	<u>Amount</u>
Promoting Safe and Stable Families	93.556	Volunteers of America of Greater New Orleans	\$141,912
		Kingsley House	48,545
		Center for Change	35,272
		Various transport- ation agencies	<u>704</u>
			<u>\$226,433</u>

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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

President and Board of Directors  
Family Service of Greater New Orleans  
New Orleans, Louisiana

We have audited the financial statements of Family Service of Greater New Orleans (a non-profit organization) ("Family Service") as of and for the year ended June 30, 2005, and have issued our report thereon dated December 1, 2006. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Family Service's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Family Service'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

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

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could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to the management of Family Service in a separate letter dated June 29, 2007.

This report is intended solely for the information and use of the audit committee, board of directors, others within the organization, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

*Spilsbury, Hamilton, Legendre & Paciera*

June 29, 2007

**SPILSBURY, HAMILTON, LEGENDRE & PACIERA**

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
WITH REQUIREMENTS APPLICABLE TO EACH  
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

President and Board of Directors  
Family Service of Greater New Orleans  
New Orleans, Louisiana

Compliance

We have audited the compliance of Family Service of Greater New Orleans (a non-profit organization) ("Family Service") with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2005. Family Service's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Family Service's management. Our responsibility is to express an opinion on Family Service's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Family Service's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Family Service's compliance with those requirements.

In our opinion, Family Service complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended June 30, 2005. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported

in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as finding number 2005-1.

Internal Control Over Compliance

The management of Family Service is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Family Service's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, board of directors, and others within the organization, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

*Spilbury, Hamilton, Legendre & Paciera*

June 29, 2007

FAMILY SERVICE OF GREATER NEW ORLEANS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2005

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of Family Service of Greater New Orleans.
2. No reportable conditions or material weaknesses were identified during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of Family Service of Greater New Orleans were disclosed during the audit.
4. No reportable conditions or material weaknesses were identified during the audit of the major federal award programs.
5. The auditor's report on compliance for the major federal award programs for Family Service of Greater New Orleans expresses an unqualified opinion.
6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this Schedule.
7. The programs tested as major programs included:

CFDA #93.556	Promoting Safe and Stable Families
CFDA #93.558	Temporary Assistance for Needy Families
8. The threshold used to distinguish between Type A and Type B programs was \$300,000.
9. Family Service of Greater New Orleans was determined to be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

None

FAMILY SERVICE OF GREATER NEW ORLEANS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)  
YEAR ENDED JUNE 30, 2005

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

DEPARTMENT OF HEALTH AND HUMAN SERVICES

**Finding No. 2005-01:** Promoting Safe and Stable Families, CFDA #93.556 and Temporary Assistance for Needy Families, CFDA #93.558.

Statement of Condition: Family Service of Greater New Orleans did not submit a reporting package to the Audit Clearinghouse within nine months after the end of the audit period as specified in OMB Circular A-133, Section 320(a).

Criteria: A reporting package must be submitted to the Audit Clearinghouse within nine months after the end of the audit period.

Effect of Condition: The submission of the reporting package is late.

Cause of Condition: The untimeliness of the submission is due to the annual audit not being completed by the March 31, 2006 deadline. The audit was not completed timely because of Hurricanes Katrina and Rita.

Questioned Costs: None

Recommendation: We recommend that the Corporation submit the required reporting package as soon as possible. Also, the Corporation should plan to begin and complete their future annual audit sooner than in prior years.



**SPILSBURY, HAMILTON, LEGENDRE & PACIERA**

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June 29, 2007

Family Service of Greater New Orleans  
2515 Canal Street  
New Orleans, LA 70119

In planning and performing our audit of the financial statements of Family Service of Greater New Orleans ("Family Service") for the year ended June 30, 2005, we considered Family Service's internal control in order to plan our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. We previously reported on Family Service's internal control in our report dated June 29, 2007. This letter does not affect our report dated June 29, 2007 on the financial statements of Family Service.

Our comments and suggestions regarding those matters are summarized as follows.

**DEPOSITS IN EXCESS OF FEDERALLY INSURED LIMITS**

While conducting the audit of cash, we noted Family Service had cash on deposit in excess of the federally-insured limit in a financial institution. We are aware that there are significant amounts that become due at the end of the month (i.e., rent, payroll, etc.) However, this situation still presents a potential for losses to Family Service in the event of bank or institutional failure. We suggest that management monitor cash balances and consider transferring excess balances to other banks, where possible, to reduce the potential for loss of monetary amounts in excess of the federally-insured level.

**RECONCILE ACCOUNTS RECEIVABLE TO GENERAL LEDGER**

The details of the open invoice file for accounts receivable are being maintained on the M.I.P. systems, however these balances are not being reconciled to the general ledger. Although the resulting difference is not material, accounts receivable should be reconciled on a monthly basis.

#### USE OF TEMPORARY ACCOUNTS

Family Service uses certain general ledger accounts - the 1209 Series - to account for the activity for certain transactions. These accounts should have a zero balance at year-end. While the balance in these accounts net to zero, we recommend that they be reconciled and zeroed out periodically.

#### AUDIT SUBMISSION AND TIMING

The deadline for submission of the Family Service's 2005 audited financial statements to the Federal Audit Clearinghouse was March 31, 2006. We are aware that this report submission is late because of Hurricanes Katrina and Rita. In addition to the 2005 report being late, the 2006 report is also late and was due March 31, 2007. Family Service is also required to submit reports to the Louisiana Legislative Auditor. This reporting is also late for both 2005 and 2006. We recommend that the future audits begin more timely and that the required reports be submitted as soon as possible. As of the date of this letter the 2006 audit has not yet been engaged.

#### INFORMATION RETURN SUBMISSION

The 2005 information return was filed timely with extensions; however, the subsequent year's return is late. To reduce the possibility of incurring penalties and/or interest charges for late or missed filings of the tax returns, a tax calendar should be prepared and the dates returns are due should be noted on the calendar. The calendar should cover all returns required to be filed by the Company and its subsidiaries, and should include the type of return, the return's due date and assignment of responsibility for preparation and filing.

#### ASSESS THE ACCOUNTING DEPARTMENT STAFFING NEEDS

It was apparent that there is significant strain on the current staff to complete their responsibilities in a timely manner. We noted that there was a significant increase in the work backlog and in the time needed to close the books. The situation will likely only get worse as Family Service grows and transactions and reporting requirements increase. We recommend that you assess the staffing needs of the accounting department and plan for increasing capacity through hiring or reorganizing the current responsibilities.

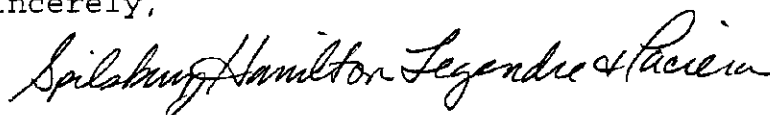
Family Service of Greater New Orleans

June 29, 2007

Page 3

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with the various personnel of Family Service, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

Sincerely,



SPILSBURY, HAMILTON, LEGENDRE AND PACIERA  
Certified Public Accountants