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LITERACY WORKS, INC.
COMPILATION/ATTESTATION REPORTS
FOR THE YEAR ENDED DECEMBER 31, 2003

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 3-24-04

Certified Public Accountant



Donald C. DeVille

Member
American Institute CPAs

Member
Louisiana Society CPAs

7829 BLUEBONNET BLVD.
BATON ROUGE, LA 70810
(225) 767-7829

February 10, 2004

To the Members of the Board
Literacy Works, Inc.
P O BOX 66172
Baton Rouge, LA 70896

I have compiled the accompanying Statement of Financial Position as of December 31, 2003, and the related Statement of Activities and Cash Flows for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. I have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

Respectively submitted,

Donald C. DeVille

LITERACY WORKS, INC.
STATEMENT OF FINANCIAL POSITION
December 31, 2003

ASSETS

Cash	\$4,555
Grants Receivable	6,514
Equipment	4,829
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Total Assets	15,898
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LIABILITIES AND NET ASSETS

LIABILITIES:	
Loans	\$5,500
Payroll Taxes	7,320
	<hr/>
	12,820
	<hr/>
NET ASSETS	
Net Assets	3,078
	<hr/>
TOTAL LIABILITIES & NET ASSETS	15,898
	<hr/> <hr/>

(See Accountant's Compilation Report)

LITERACY WORKS, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2003

INCOME	
Contributions	\$695
Grant Income	73,166
Special Events	6,037
Fee For Service	97,947
Miscellaneous Income	801
	<hr/>
TOTAL INCOME	178,646
	<hr/>
EXPENSES	
Bank Charges	222
Salary Expenses	132,870
Employee Benefits	3,118
Payroll Tax	4,913
Fund Raising	3,481
Professional Consultant	3,776
Payroll Expense	3,544
Insurance	927
Internet	383
Postage	196
Rent	5,478
Supplies	2,551
Telephone	2,322
Equipment Repairs	65
Equipment	542
Education Material	8,663
Educational Activities	878
Travel	641
Training	1,377
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TOTAL EXPENSES	175,947
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DECREASE IN NET ASSETS	2,699
NET ASSETS, BEGINNING OF YEAR	379
	<hr/>
NET ASSETS, END OF YEAR	3,078
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(See Accountant's Compilation Report)

LITERACY WORKS, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2002

<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>	
Increase (Decrease) in Net Assets	\$2,699
Adjustments To Reconcile Increase In Net Assets To Net Cash Provided By Operating Activities:	
Depreciation	-0-
(Increase) Decrease In Operating Assets:	
Accounts Receivables	(6,514)
Increase (Decrease) In Operating Liabilities:	
Accounts Payable	5,625
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>1,810</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>	
Purchase of Equipment	-0-
<u>CASH FLOWS FROM FINANCING ACTIVITIES:</u>	
Proceeds From Line of Credit	6,000
Repayment of Line of Credit	(3,250)
	<u>2,750</u>
NET INCREASES (DECREASE) IN CASH	4,560
CASH AND CASH EQUIVALENTS, Beginning of Year	<u>(5)</u>
CASH AND CASH EQUIVALENTS, End of Year	<u><u>4,555</u></u>

(See Accountant's Compilation Report)

LITERACY WORKS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

NOTE #1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Literacy Works, Inc. is a Louisiana non-profit corporation, incorporated in February 16, 1996 for the purpose to increase adult literacy and literacy awareness in the Greater Baton Rouge area with a Literacy program that offers adult students a diversified, socially motivating, individualized program of instruction.

BASIS OF ACCOUNTING

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

CONTRIBUTIONS

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, 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 has no temporarily or permanently restricted net assets.

INCOME TAXES

The Organization is a not-for-profit organization that is exempt from income taxes under section 501(c)(3) of the Internal Revenue Code and therefore has not made any provision for federal income taxes in the income taxes in the accompanying financial statements. In addition, the organization has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509 (a) of the Internal Revenue Code. There was no unrelated business income for 2002.

USE OF ESTIMATES:

The preparation of financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

REVENUE RECOGNITION:

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

LITERACY WORKS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

NOTE #1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

All donor-restricted contributions are reported as increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or 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.

CONTRIBUTED SERVICES:

The organization receives a substantial amount of services donated. No amounts have been reflected in the financial statements for those services since they do not meet the criteria for recognition under SFAS No. 116, Accounting for Contributions Received and Contributions Made.

CASH EQUIVALENTS:

Cash equivalents consist of short-term, highly liquid investments which are readily convertible into cash within ninety (90) days of purchase.

PREPAID:

Insurance and similar services which extend over more than one accounting period have been recorded as expense.

FIXED ASSETS:

Acquisitions of property and equipment in excess of \$500 are capitalized. Property and equipment are carried at cost or if donated, at the approximate fair value at the date of donation. Depreciation has not been computed.

CONCENTRATION OF SUPPORT

During the year ended December 31, 2003, the Organization derived approximately 41% of its revenue from State grants.

NOTE #2. CONCENTRATION OF CREDIT RISK FOR CASH HELD IN BANK

The Family Values Resources Institute, Inc. maintains one bank account at a financial institution. Accounts at an institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000. Cash at this institutions did not exceed the Federally insured limits.

LITERACY WORKS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

NOTE #3. EQUIPMENT

Equipment at year-end consist of the following:

Equipment	\$4,829
Less: Accumulated Depreciation	-0-
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Equipment Book Value	4,829
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NOTE #4. LOAN PAYABLE AND LINE OF CREDIT

The Literacy Works, Inc. has a \$7,000 revolving line of credit at the LES Credit Union. As of December 31, 2003, the Organization had \$2,750 outstanding and payable.

The Organization also has loans payable with Board Members totaling \$2,750 payable when the Organization can.

NOTE #5. LEASE OBLIGATIONS

The Organization leases office space on a month basis at \$498 per month. Rental expense was \$5,478 for the year ended December 31, 2003.

NOTE #4. CONTINGENCIES

The Literacy Works, Inc. received a portion of its revenues from government grants and contracts, all of which are subject to audit by the governments. The ultimate determination of amounts received under these programs generally is based upon allowable cost reported to and are subject to audit by the government. Until such audits, if any, there exists a contingency to refund any amount received in excess of allowable cost. Management is of the opinion that no material liability will result from such audits.

ATTESTATION REPORT

Certified Public Accountant



Donald C. DeVille

Member
American Institute CPAs

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Louisiana Society CPAs

7829 BLUEBONNET BLVD.
BATON ROUGE, LA 70810
(225) 767-7829

**Independent Accountant's Report
on Applying Agreed-Upon Procedures**

February 10, 2004

To the Members of the Board
Literacy Works, Inc.
7515 Scenic Highway
Baton Rouge, LA 70807

I have performed the procedures included in the Louisiana Government Audit Guide and enumerated below, which were agreed to by the management of Literacy Works, Inc. and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about Literacy Works, Inc.'s compliance with certain laws and regulations during the year ended December 31, 2003, included in the accompanying Louisiana Attestation Questionnaire. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Federal, State and Local Awards

1. Determine the amount of Federal, State and local award expenditures for the fiscal year by grant and grant year.

State:

Department of Education	\$65,666
Governor's Office Urban Affairs	7,500

2. Randomly select 6 disbursements made during the period under examination and:

(a) trace payments to supporting documentation as to proper amount and payee;

I examined supporting documentation for each of the six randomly selected disbursements and found that payments was for the proper amount and made to the correct payee.

(b) determine if payments were properly coded to the correct fund and general ledger account; and

All of the payments were properly coded to the correct fund and general ledger account.

(c) determined whether payments received approval from proper authorities.

Inspection of documentation supporting each of the six selected disbursements indicated approvals from the director.

Meetings

3. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:1 through 42:12 (the open meetings law).

I reviewed the minutes of the Organization.

The Organization did not post notices of its upcoming meetings to give the public an opportunity to participate in the meetings involving state funds.

Comprehensive Budget

4. Obtained a copy of the legally adopted budget and all amendments.

I obtained a copy of the total budget filed with the State of Louisiana with the anticipated use of funds and objectives of the project.

I was not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, I do not express such an opinion.

Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

This report is intended solely for the use of management of Literacy Works, Inc. and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes.

Under Louisiana Revised Statutes 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted

A handwritten signature in cursive script, appearing to read "N. C. Ruffalo". The signature is written in black ink and is positioned below the typed text "Respectfully submitted".

LITERACY WORKS, INC.
SCHEDULE OF PRIOR YEARS AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2003

<u>REF</u> <u>NO.</u>	<u>FISCAL YEAR</u> <u>FINDING</u> <u>INITIALLY</u> <u>OCCURRED</u>	<u>DESCRIPTION OF FINDING</u>	<u>CORRECTIVE</u> <u>ACTION TAKEN</u> <u>(YES, NO, PARTIALLY)</u>	<u>CORRECTIVE</u> <u>ACTION/PARTIAL</u> <u>CORRECTIVE</u> <u>ACTION TAKEN</u>
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None

LITERACY WORKS, INC.
CORRECTIVE ACTION PLAN
DECEMBER 31, 2003

<u>REF NO.</u>	<u>DESCRIPTION OF FINDING</u>	<u>CORRECTIVE ACTION PLANNED</u>	<u>NAME OF CONTACT PERSON</u>	<u>ANTICIPATED COMPLETION DATE</u>
1.	Board Meetings Not Publicized	Board Meeting Agendas Will Be Posted On The Office 24 Hours Before Such Meetings.	Terry Rew	Immediately

* * * *

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Quasi-public Entities)
(Date Transmitted)

DONALD DEVILLE, CPA
7829 BLUEBONNET BLVD
BATON ROUGE, LA 70810 (Auditors)

In connection with your compilation of our financial statements as of December 31, 2003 and for the period then ended, and as required by Louisiana Revised Statute 24:513 and the Louisiana Governmental Audit Guide, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulation and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of (date of completion/representation).

Federal, State, and Local Awards

We have detailed for you the amount of Federal, state and local award expenditures for the fiscal year, by grant and grant year.

Yes No

All transactions relating to federal, state, and local grants have been properly recorded within our accounting records and reported to the appropriate state, federal, and grantor officials.

Yes No

The reports filed with federal, state, and local agencies are properly supported by books of original entry and supporting documentation.

Yes No

We have complied with all applicable specific requirements of all federal, state, and local programs we administer, to include matters contained in the Compliance Supplement, matters contained in the grant awards' eligibility requirements, activities allowed and unallowed and reporting and budget requirements.

Yes No

Open Meetings

Our meetings, as they relate to public funds, have been posted as an open meeting as required by LSA-RS 42:1 through 42:12 (the open meetings law).

Yes No

Budget

For each federal, state, and local grant we have filed with the appropriate grantor agency a comprehensive budget for those grants that included the purpose and duration, and for state grants included specific goals and objectives and measures of performance

Yes No

Prior Year Comments

We have resolved all prior-year recommendations and/or comments.

Yes No

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you

documentation relating to the federal, state, and local grants, to include the applicable laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We will also disclose to you, the Legislative Auditor, and the applicable state grantor agency/agencies any known noncompliance which may occur up to the date of your report.

<u>Ruthie Harris</u>	Secretary	<u>Ruthie HARRIS</u>	Date	<u>2-12-04</u>
<u>Warren Sager</u>	Treasurer	<u>Warren Sager</u>	Date	<u>2-11-04</u>
<u>Alan Horrell</u>	President	<u>Alan Horrell</u>	Date	<u>2-12-04</u>