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Bossier Kids, Inc
Bossier City, Louisiana

Financial Statements

As of and For the Years Ended June 30, 1999 and 1998

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, 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 JAN 12 2000

Bossier Kids, Inc.
Bossier City, Louisiana

Table of Contents

	<u>Page No.</u>
Auditors' Report	1
Financial Statements:	
Statements of Financial Position	2
Statements of Activities:	
For the Year Ended June 30, 1999	3
For the Year Ended June 30, 1998	4
Statements of Cash Flows	5
Notes to Financial Statements	6 – 9
Schedule of Functional Expenses	10
Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	11
Summary Schedule of Audit Findings	12

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Independent Auditors' Report

To the Board of Directors
Bossier Kids, Inc.
Bossier City, Louisiana

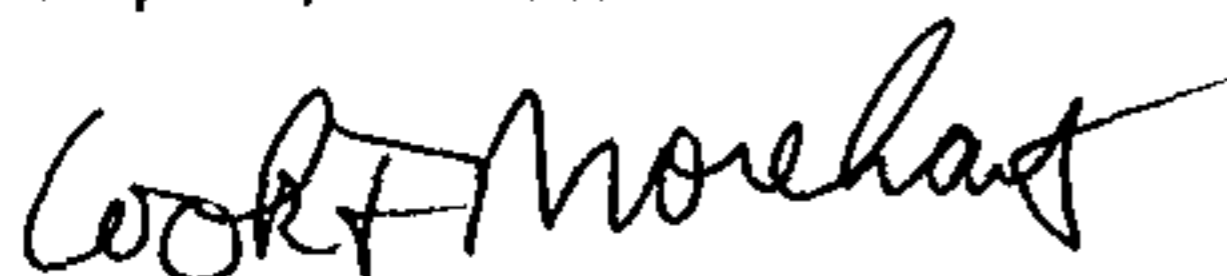
We have audited the accompanying statements of financial position of Bossier Kids, Inc. (a nonprofit organization) as of June 30, 1999 and 1998, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 audits provide 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 Bossier Kids, Inc. as of June 30, 1999 and 1998, and the changes in its net assets and its cash flows for the years then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 7, 1999 on our consideration of Bossier Kids, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of Bossier Kids, Inc. taken as a whole. The accompanying schedule of functional expenses is presented for purposes of additional analysis and is not a required part of the basic 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.



Cook & Morehart
Certified Public Accountants
September 7, 1999

Bossier Kids, Inc.
 Bossier City, Louisiana
 Statements of Financial Position
 June 30, 1999 and 1998

	1999	1998
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 86,088	\$ 74,041
Revenue receivable	14,395	8,093
Prepaid expenses	835	1,295
Notes receivable - current portion	3,653	2,210
Total current assets	104,971	85,639
Property and equipment	200,112	256,832
Accumulated depreciation	(98,181)	(96,639)
Net property and equipment	101,931	160,193
Notes receivable - Long-term	22,258	3,797
Total Assets	\$ 229,160	\$ 249,629
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 2,909	\$ 2,075
Salaries payable	540	380
Total current liabilities	3,449	2,455
Net assets:		
Unrestricted:		
Operating	110,280	76,981
Fixed assets	101,931	160,193
Temporarily restricted	13,500	10,000
Total net assets	225,711	247,174
Total Liabilities and Net Assets	\$ 229,160	\$ 249,629

The accompanying notes are an integral part of the financial statements.

Bossier Kids, Inc.
 Bossier City, Louisiana
 Statement of Activities
 For the Year Ended June 30, 1999

	Unrestricted	Temporarily Restricted	Total
REVENUES AND OTHER SUPPORT			
State revenue - child care contract	\$ 111,028		\$ 111,028
Airline Church of Christ donations	24,000		24,000
Other income	576		576
Donations	23,464	3,500	26,964
Interest income	3,720		3,720
Total revenue and other support	<u>162,788</u>	<u>3,500</u>	<u>166,288</u>
EXPENSES AND LOSSES			
Child care services	137,272		137,272
General and administrative expenses	24,830		24,830
Total expenses	<u>162,102</u>		<u>162,102</u>
Loss from disposal of equipment	25,649		25,649
Total expenses and losses	<u>187,751</u>		<u>187,751</u>
Changes in net assets	(24,963)	3,500	(21,463)
Net assets as of beginning of year	<u>237,174</u>	<u>10,000</u>	<u>247,174</u>
Net assets as of end of year	<u>\$ 212,211</u>	<u>\$ 13,500</u>	<u>\$ 225,711</u>

The accompanying notes are an integral part of the financial statements.

Bossier Kids, Inc.
 Bossier City, Louisiana
 Statement of Activities
 For the Year Ended June 30, 1998

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUES AND OTHER SUPPORT			
State revenue - child care contract	\$ 105,165		\$ 105,165
Airline Church of Christ donations	24,000		24,000
Donations	22,231	10,000	32,231
Interest income	2,792		2,792
Total revenue and other support	<u>154,188</u>	<u>10,000</u>	<u>164,188</u>
EXPENSES AND LOSSES			
Child care services	123,828		123,828
General and administrative expenses	27,645		27,645
Total expenses	<u>151,473</u>		<u>151,473</u>
Loss from disposal of equipment	686		686
Total expenses and losses	<u>152,159</u>		<u>152,159</u>
Changes in net assets	2,029	10,000	12,029
Net assets as of beginning of year	<u>235,145</u>		<u>235,145</u>
Net assets as of end of year	<u>\$ 237,174</u>	<u>\$ 10,000</u>	<u>\$ 247,174</u>

The accompanying notes are an integral part of the financial statements.

Bossier Kids, Inc.
 Bossier City, Louisiana
 Statements of Cash Flows
 For the Years Ended June 30, 1999 and 1998

	1999	1998
Operating Activities		
Changes in net assets	\$ (21,463)	\$ 12,029
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	7,613	8,291
Loss on disposal of equipment	25,649	686
(Increase) decrease in:		
Contract revenue receivable	(6,302)	562
Prepaid expenses	460	(48)
Increase (decrease) in:		
Accounts payable	834	328
Salaries payable	160	250
Payroll taxes payable		(174)
Net cash provided by operating activities	6,951	21,924
 Investing Activities		
Purchases of property and equipment		(2,311)
Collections on loans	2,596	
Proceeds from sale of equipment	2,500	2,553
Net cash provided by investing activities	5,096	242
 Net increase in cash and cash equivalents	12,047	22,166
 Cash and cash equivalents as of beginning of year	74,041	51,875
 Cash and cash equivalents as of end of year	\$ 86,088	\$ 74,041

The accompanying notes are an integral part of the financial statements.

Bossier Kids, Inc.
Bossier City, Louisiana
Notes to Financial Statements
June 30, 1999 and 1998

(1) **Summary of Significant Accounting Policies**

A. Nature of Activities

Bossier Kids, Inc., is a private nonprofit organization incorporated under the laws of the State of Louisiana. Bossier Kids, Inc. is governed by a Board of Directors serving under the eldership of the Airline Drive Church of Christ of Bossier City, Louisiana.

Bossier Kids, Inc. provides a family environment for needy children whose natural family situation has been temporarily disrupted. They promote the development and maintenance of stable, healthy Christian families to provide for the needs of the child until the natural family situation is resolved or the child is emancipated. The primary sources of funding are from a contract with the State of Louisiana and donations from the Airline Drive Church of Christ.

B. Basis of Accounting

The financial statements of Bossier Kids, Inc. have been prepared on the accrual basis of accounting.

C. Basis of Presentation

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, 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.

D. Income Taxes

Bossier Kids, Inc. is a non-profit corporation and is exempt from state and federal income taxes under Section 501 (c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to Bossier Kids, Inc.'s tax-exempt purpose is subject to taxation as unrelated business income. Bossier Kids, Inc. had no such income for this audit period.

E. Property and Equipment

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using primarily the straight-line method. Bossier Kids, Inc. has adopted a policy to capitalize all items with a unit cost of \$500 or greater.

(Continued)

Bossier Kids, Inc.
Bossier City, Louisiana
Notes to Financial Statements
June 30, 1999 and 1998
(Continued)

F. Revenue and Support

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Contractual grant revenue is reported as unrestricted support due to the restrictions placed on those funds by the funding sources being met in the same reporting period as the revenue is earned.

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. All other donor-restricted support is reported as an 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.

G. Retirement Obligations

The employees of Bossier Kids, Inc. are members of the Social Security System. There are no other retirement plans available through Bossier Kids, Inc.

H. Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenues and expenses. Actual results could differ from those estimates.

I. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, Bossier Kids considers all unrestricted, highly liquid investments with an initial maturity of six months or less to be cash equivalents.

J. Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

(2) Revenue Receivable

This amount represents reimbursements billed, but not yet received, from the State of Louisiana Child Care Contract for periods prior to June 30, 1999 and 1998.

(Continued)

Bossier Kids, Inc.
 Bossier City, Louisiana
 Notes to Financial Statements
 June 30, 1999 and 1998
 (Continued)

(3) Property and Equipment

A summary of property and equipment at June 30, 1999 and 1998 is as follows:

	1999	1998
Building Unit #1	\$ 90,824	\$ 90,824
Building Unit #2	90,516	90,516
Vehicles	9,677	9,677
Office Furniture and Equipment	6,323	6,323
Other Equipment	1,837	1,837
Storage Building	935	935
Foster Street Property		56,720
	200,112	256,832
Accumulated Depreciation	(98,181)	(96,639)
Net Property and Equipment	\$ 101,931	\$ 160,193

Depreciation expense for the years ended June 30, 1999 and 1998 were \$7,613 and \$8,291 respectively.

(4) Notes Receivable

The balance in notes receivable is comprised of two notes. The first note, dated October 25, 1994, was created by the sale of real estate by Bossier Kids, Inc., to an individual in Bossier Parish. The original amount of the note was \$13,000, 10% interest, due in consecutive monthly installments of \$300, beginning December 1, 1994 until the note is paid in full. The note is collateralized by a first mortgage on the real estate sold. In February, 1996, the debtors filed a petition under Chapter 13 of the Bankruptcy Code. Bossier Kid's will receive monthly installments of \$229.03 from August 1996, until the note is paid in full.

The second note, dated March 31, 1999, was created by the sale of real estate by Bossier Kids, Inc., to an individual in Bossier Parish. The original amount of the note was \$22,500, 7% interest, due in consecutive monthly installments of \$261.24 commencing on August 1, 1999 until the note is paid in full. The note is collateralized by a first mortgage on the real estate sold.

(Continued)

Bossier Kids, Inc.
Bossier City, Louisiana
Notes to Financial Statements
June 30, 1999 and 1998
(Continued)

(5) Concentrations of Credit Risk

Financial instruments that potentially subject Bossier Kids, Inc., to concentrations of credit risk consist principally of temporary cash investments, revenue receivable, and notes receivable.

Bossier Kids, Inc., maintains its cash balances at a local financial institution. The balances are insured by the FDIC up to \$100,000. At June 30, 1999 and 1998, there were no balances that were not insured or collateralized by the institution.

Concentrations of credit risk with respect to revenue receivable is limited due to the amounts being due from a governmental agency under contractual terms. As of June 30, 1999 and 1998, Bossier Kids, Inc., had no significant concentration of credit risk in relation to revenue receivable.

Concentrations of credit risk with respect to the notes receivable are limited. The notes are due from individuals and are collateralized by certain real estate sufficient to cover any loss Bossier Kids, Inc., would incur if the parties failed to perform according to the contracts. As of June 30, 1999 and 1998, Bossier Kids, Inc. had no significant concentration of credit risk in relation to the notes receivable.

(6) Contractual Revenue

During the years ended June 30, 1999 and 1998, Bossier Kids received \$111,028 and \$105,165, respectively, in funding from the State of Louisiana, Department of Social Services, Office of Community Services, for the purpose of providing private foster care services. The continued existence of this funding is based upon annual contract renewals.

(7) Conditional Promise to Give

Bossier Kids, Inc. received a conditional promise of \$25,000 from an organization, to be received once Bossier Kids has secured the balance of building costs for the new foster home they will be building next year. Funds will not be submitted to Bossier Kids by the organization until 30 days before construction starting date.

(8) Temporarily Restricted Net Assets

Temporarily restricted net assets are available for use in the development and construction of a new foster home.

Bossier Kids, Inc.
Bossier City, Louisiana
Schedule of Functional Expenses
For the Years Ended June 30, 1999 and 1998

	<u>Child Care Expenses</u>	<u>General And Administrative</u>	<u>1999 Total</u>	<u>1998 Total</u>
Personnel	\$ 15,887	\$ 19,909	\$ 35,796	\$ 36,427
Fringe benefits	1,209	1,517	2,726	2,768
Child care	91,685	-	91,685	86,358
Repairs and maintenance	6,966	-	6,966	1,780
Office expense	-	1,269	1,269	2,709
Utilities	5,477	-	5,477	6,136
Travel	180	-	180	262
Insurance	3,602	-	3,602	3,862
Depreciation	6,973	640	7,613	8,292
Miscellaneous	-	595	595	1,849
Professional services	-	900	900	900
New home expense	5,293	-	5,293	130
Total expenses	<u>\$ 137,272</u>	<u>\$ 24,830</u>	<u>\$ 162,102</u>	<u>\$ 151,473</u>

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

To the Board of Directors
Bossier Kids, Inc.
Bossier City, Louisiana

We have audited the financial statements of Bossier Kids, Inc. (a nonprofit organization) as of and for the year ended June 30, 1999, and have issued our report thereon dated September 7, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Bossier Kids, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Bossier Kids, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. 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 misstatement in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Board of Directors, management, and the various funding sources of the Agency and is not intended to be and should not be used by anyone other than these specified parties.



Cook & Morehart
Certified Public Accountants
September 7, 1999

Bossier Kids, Inc.
Bossier City, Louisiana
Summary Schedule of Audit Findings
Schedule for Louisiana Legislative Auditor
June 30, 1999 and 1998

Summary Schedule of Prior Audit Findings

There were no findings or management letter comments for the prior year audit for the year ended June 30, 1998.

Corrective Action Plan for Current Year Audit Findings

There were no findings or management letter comments for the current year audit for the year ended June 30, 1999.