

BEAUCARE, INC.
DERIDDER, LOUISIANA

FINANCIAL STATEMENTS
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 9-1-04

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John A. Windham, CPA

A Professional Corporation

**1620 North Pine Street
DeRidder, LA 70634
Tel: (337) 462-3211
Fax: (337) 462-0640**

John A. Windham, CPA

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
BeauCARE, Inc.
DeRidder, Louisiana

I have audited the accompanying statement of financial position of BeauCARE, Inc. (a nonprofit organization) as of December 31, 2003, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my 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 I 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of BeauCARE, Inc., as of December 31, 2003, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, I have also issued by report dated June 28, 2004, on my consideration of BeauCARE, Inc.'s internal control over financial reporting and my tests of its compliance with certain provisions of laws, contracts, and grants. That report is an integral part of an audit performed with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

Board of Directors
BeauCARE, Inc.
DeRidder, Louisiana
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My audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of BeauCARE, Inc. 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 general purpose financial statements of BeauCARE, Inc. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in my opinion, is fairly presented, in all material respects, in relation to the general purpose financial statements taken as a whole.

John L. Windham, CPA

DeRidder, Louisiana
June 28, 2004

BeauCARE, Inc.
DeRidder, Louisiana

Statement A

Statement of Financial Position
December 31, 2003

ASSETS

Current Assets:

Cash	\$ 26,617
Grants receivable	44,250
Prepaid Insurance	<u>11,987</u>
Total current assets	\$ 82,854

Property and Equipment:

Equipment, less accumulated depreciation of \$31,661	<u>\$ 101,409</u>
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Total assets	<u>\$ 184,263</u>
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LIABILITIES

Current Liabilities:

Payroll taxes payable	\$ 7,120
Accounts payable	35,196
Salaries payable	<u>19,922</u>
Total current liabilities	<u>\$ 62,238</u>

Noncurrent Liabilities:

Note payable	<u>\$ 30,758</u>
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Total Liabilities	<u>\$ 92,996</u>
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NET ASSETS

Unrestricted/Undesignated	<u>\$ 91,267</u>
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Total liabilities and net assets	<u>\$ 184,263</u>
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The accompanying notes are an integral part of this statement.

BeauCARE, Inc.
DeRidder, Louisiana

Statement B

Statement of Activities
For the Year Ended December 30, 2003

<u>SUPPORT AND REVENUE</u>	<u>Total</u>
SUPPORT	
Grants	
Government:	
TANF	\$ 579,811
OCS	20,099
OAD-DHH	3,292
CACFP	6,248
Arts and Humanities Council	2,475
Total government grants	<u>\$ 611,925</u>
Private:	
United Way	<u>\$ 94,786</u>
Total grants	<u>\$ 706,711</u>
Cash contributions	1,735
Fund raising	15,763
Total support	<u>\$ 724,209</u>
REVENUE	
Fees for services	\$ 69,153
Interest	387
Concession sales	2,650
Miscellaneous	528
Total revenue	<u>\$ 72,718</u>
Total support and revenue	<u>\$ 796,927</u>
EXPENSES	
PROGRAM SERVICES	
Recreational and educational programs	\$ 764,789
SUPPORT SERVICE	
Fund raising	<u>\$ 1,807</u>
Total expenses	<u>\$ 766,596</u>
Excess (deficiency) of support and revenue over expenses	\$ 30,331
Net Assets, beginning of year	<u>60,936</u>
Net Assets, end of year	<u>\$ 91,267</u>

The accompanying notes are an integral part of this statement.

Statement of Functional Expenses
For the Year Ended December 31, 2003

	<u>Program Services</u>	<u>Support Services</u>	<u>Total Expenses</u>
Salaries	\$ 235,523	\$ -	\$ 235,523
Payroll taxes and related expenses	23,748	-	23,748
Total salaries and related expenses	<u>\$ 259,271</u>	<u>\$ -</u>	<u>\$ 259,271</u>
Supplies	\$ 56,527	\$ 1,807	\$ 58,334
Telephone & Utilities	18,153	-	18,153
Dues/licenses/permits	1,850	-	1,850
Travel	4,340	-	4,340
Postage	1,210	-	1,210
Repairs and maintenance(bldg. and equipment)	1,733	-	1,733
Interest	2,908	-	2,908
Training	9,992	-	9,992
Insurance	20,720	-	20,720
Office supplies	8,322	-	8,322
Professional fees	5,000	-	5,000
Contract labor	20,153	-	20,153
Printing and publications	5,068	-	5,068
Miscellaneous	186	-	186
Fines and penalites	130	-	130
Specific assistance	61	-	61
Concessions	6,188	-	6,188
Teen pregnancy	331,767	-	331,767
Total expenses before depreciation	<u>\$ 494,308</u>	<u>\$ 1,807</u>	<u>\$ 496,115</u>
Depreciation			
Purchased assets	<u>\$ 11,210</u>	<u>\$ -</u>	<u>\$ 11,210</u>
Total expenses	<u>\$ 764,789</u>	<u>\$ 1,807</u>	<u>\$ 766,596</u>

The accompanying notes are an integral part of this statement.

BeauCARE, Inc.
DeRidder, Louisiana

Statement D

Statement of Cash Flows
For the Year Ended December 31, 2003

Cash flows from operating activities:	
Cash received from grants	\$ 668,476
Cash received from donations	1,735
Cash received from fund raising	15,763
Cash received from other activities	3,178
Cash received for program fees	69,154
Cash payments for program activities	(521,956)
Cash payments to employees for salaries and related benefits	(251,816)
Net cash provided for operating activities	<u>\$ (15,466)</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	\$ (23,871)
Principal payment on debt	(7,630)
Interest payment	(2,908)
Net cash used for capital and related financing activities	<u>\$ (34,409)</u>
Cash flow from investing activities:	
Interest income	\$ 387
Net increase in cash and cash equivalents	\$ (49,488)
Cash and cash equivalents, beginning of year	<u>76,106</u>
Cash and cash equivalents, end of year	<u>\$ 26,618</u>

(Continued)

The accompanying notes are an integral part of this statement.

Statement of Cash Flows
For the Year Ended December 31, 2003

RECONCILIATION OF NET INCOME TO NET CASH
PROVIDED BY OPERATING ACTIVITIES:

Net Income	<u>\$ 32,852</u>
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	\$ 11,210
Changes in assets and liabilities:	
Decrease in accounts receivable	36,209
Increase in prepaid expenses	(8,226)
Decrease in accounts payable	(20,523)
Decrease in deferred revenue	(74,444)
Increase in payroll tax payable	2,293
Increase in salaries payable	5,163
Total adjustments	<u>\$ (48,318)</u>
Net cash provided for operating activities	<u>\$ (15,466)</u> (Concluded)

The accompanying notes are an integral part of this statement.

BEAUCARE, INC.
DERIDDER, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Organization

BeauCARE, Inc. is a Louisiana non-profit corporation. Its purpose is to provide opportunities in personal growth and development through recreational and educational programs for residents of all ages in the Beauregard Parish area. The significant accounting policies followed by the organization are described below to enhance the usefulness of the financial statements to the reader.

(b) Method of Accounting

The financial statements of BeauCARE, Inc., have been prepared on the accrual basis of accounting, and accordingly reflect all significant receivables, payables, and other liabilities.

(c) Basic Programs

The basic programs of BeauCARE, Inc., include recreational programs (i.e. Aqua Aerobics, Flag Football, Incrediball, Youth Recreation Center), summer mini-camps and educational programs.

(d) Income Taxes

The organization is qualified as an exempt organization under Section 501 (c) (3) of the Internal Revenue Code and is not subject to federal income tax. In addition, the organization has been determined by the Internal Revenue Service not to be a private foundation within Section 509 (a) of the Code.

(e) Support and Revenue

All contributions are revenues received and considered to be available for unrestricted use unless specifically restricted by the donor.

(f) Fixed Assets

It is the Organization's policy to capitalize property and equipment over \$1,000. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value.

(g) Depreciation

Depreciation is computed on a straight-line basis over the estimated useful life of the asset, which ranges from 5-40 years. Depreciation expenses for the year ended December 31, 2003 amounted to \$ 11,210.

BEAUCARE, INC.
DERIDDER, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(h) Cash and Cash Equivalents

The organization considers all short-term debt investments purchased with maturity of 90 days or less to be cash equivalents. Cash includes amounts in demand deposits, interest-bearing demand deposits, and money market accounts.

(i) Prepaid Items

Prepaid amounts consist of insurance policy premiums paid in advance.

2. FIXED ASSETS AND DEPRECIATION

Fixed assets are included on the balance sheet net of accumulated depreciation. Depreciation of all exhaustible fixed assets is charged as an expense against operations. Depreciation is computed using the straight-line method.

A summary of the organization's assets follows:

<i>Purchased Equipment</i>	\$ 133,070
Less: accumulated depreciation	<u>(31,661)</u>
Total	<u>\$ 101,409</u>

3. DONATED FACILITIES, MATERIALS AND SERVICES

Donated materials, equipment, and use of facilities (if any) are reflected as contributions or fund raising support in the accompanying statements at their estimated values at the date of receipt. Donated services (if any) are recognized as contributions in accordance with SFAS No. 116, Accounting for Contributions Received and Contributions Made, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills and would otherwise be purchased by the organization. Volunteers also provided services throughout the year that are not recognized as contributions in the financial statements since the criteria for SFAS No. 116 are not met.

4. ECONOMIC DEPENDENCY

The organization receives a substantial portion of its total support and revenues from United Way. During the period ended December 31, 2003, BeauCARE, Inc., received \$ 94,786 in grants support that represents 11% of total support and revenue.

BEAUCARE, INC.
DERIDDER, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. FUNDING

BeauCARE, Inc. receives funds from the Department of Health and Human Services under the Teen Pregnancy Prevention Contract. The monies are used to pay salaries and related expenses for BeauCARE, Inc. and affiliated organizations. The funds received for the year ended December 31, 2003, amounted to \$ 579,811.

6. RECEIVABLES

The following is a summary of receivables for December 31, 2003:

Class of Receivable

Grants:

OFS-Teen Pregnancy	\$ 36,363
LCTF-Safe Visitation	7,448
Federation of Families	439
Total	<u>\$ 44,250</u>

7. ACCOUNTS AND OTHER PAYABLES

The following is a summary of payables at December 31, 2003:

Class of Payable

Accounts	\$ 35,196
Salaries	19,922
Payroll taxes	7,120
Total	<u>\$ 62,238</u>

8. CHANGES IN NOTES PAYABLE

The following is a summary of notes payable at December 31, 2003:

Notes Payable

at December 31, 2002	\$ 38,386
Principal payments	<u>(7,628)</u>
Notes Payable	
at December 31, 2003	<u>\$ 30,758</u>

BEAUCARE, INC.
DERIDDER, LOUISIANA

NOTES TO FINANCIAL STATEMENTS (CONCLUDED)

Notes payable are comprised of the following:

Promissory Note—First National Bank in DeRidder

\$ 40,060 Promissory note payable to the order of First National Bank in DeRidder in 35 monthly payments of \$ 805 each starting October 5, 2002 and one irregular payment of \$ 18,655 last payment due September 5, 2005, with an interest rate of 7.5%.

\$ 30,758

9. PRIOR YEAR AUDIT FINDINGS

There were no prior year audit findings for the year ended December 31, 2003.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2003

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ <u>PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>PASS- THROUGH GRANTOR'S NUMBER</u>	<u>FEDERAL EXPENDITURES</u>
United States Department of Health and Human Services Direct Program:			
Temporary Assistance for Needy Families	93.558		\$ 331,767
Pass-through programs from:			
Office of Community Services			
Children's Trust Fund	93.590		<u>34,655</u>
Total Expenditures of Federal Awards			<u>\$ 366,422</u>

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2003

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the municipality and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the general purpose financial statements.

John A. Windham, CPA

A Professional Corporation

1620 North Pine Street
DeRidder, LA 70634
Tel: (337) 462-3211
Fax: (337) 462-0640

John A. Windham, CPA

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
BeauCARE, Inc.
DeRidder, Louisiana

I have audited the financial statements of BeauCARE, Inc. (a nonprofit organization), DeRidder, Louisiana, as of and for the year ended December 31, 2003 and have issued my report thereon dated June 28, 2004. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether BeauCARE, Inc.'s general purpose financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my 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 my audit, I considered BeauCARE, Inc.'s internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting.

Board of Directors
BeauCARE, Inc.
DeRidder, Louisiana

My 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 in amounts that would be material in relation to the general purpose 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. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is solely intended for the information and use of the Board of Directors, BeauCARE, Inc.'s management, others within the organization, federal award agencies and pass-through entities, and the Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties, although under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

John U. Windham, CPA

DeRidder, Louisiana
June 28, 2004

John A. Windham, CPA

A Professional Corporation

1620 North Pine Street
DeRidder, LA 70634
Tel: (337) 462-3211
Fax: (337) 462-0640

John A. Windham, CPA

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

Board of Directors
BeauCARE, Inc.
DeRidder, Louisiana

Compliance

I have audited the compliance of BeauCARE, Inc. (a nonprofit organization), 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 its major federal program for the year ended December 31, 2003. BeauCARE, Inc.'s major federal program is 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 its major federal program is the responsibility of BeauCARE, Inc.'s management. My responsibility is to express an opinion on BeauCARE, Inc.'s compliance based on my audit.

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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 I 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 BeauCARE, Inc.'s compliance with those requirements and performing such other procedures, as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on BeauCARE, Inc.'s compliance with those requirements.

In my opinion, BeauCARE, Inc, complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2003.

Internal Control Over Compliance

The management of BeauCARE, Inc. 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 my audit, I considered BeauCARE, Inc.'s internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

My 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 level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be deterred within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over compliance and its operation that I consider to be material weaknesses.

This report is intended solely for the information and use of management, other within the organization, board of directors, Legislative Auditor, 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, although under Louisiana Revised Statute 24:513, this report is distributed by Legislative Auditor as a public document.

John D. Windham, CPA

DeRidder, Louisiana
June 28, 2004

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2003

SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the general purpose financial statements of BeauCARE, Inc.
2. No instances of noncompliance material to the general purpose financial statements of BeauCARE, Inc. were disclosed during the audit.
3. The auditor's report on compliance for the major federal award program for BeauCARE, Inc. expresses an unqualified opinion on its major federal program.
4. The program tested as a major program is included: Department of Health and Human Services, Temporary Assistance for Needy Families, Teen Pregnancy Prevention/State's Program, CFDA No. 93.558.
5. The threshold for distinguishing Types A and B programs was \$300,000.

FINDINGS – FINANCIAL STATEMENTS AUDIT

None Identified