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CHILDREN'S BUREAU OF NEW ORLEANS

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
COMPLIANCE AND INTERNAL CONTROLS OVER FINANCIAL
REPORTING AND COMPLIANCE IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

Year Ended June 30, 2004

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 12-1-04

CHILDREN'S BUREAU OF NEW ORLEANS

Year Ended June 30, 2004

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INDEPENDENT AUDITOR'S REPORT

President and Board of Directors
Children's Bureau of New Orleans
New Orleans, Louisiana

We have audited the accompanying statement of financial position of Children's Bureau of New Orleans (a non-profit organization) as of June 30, 2004, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Children's Bureau of New Orleans' 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 the Organization's 2003 financial statements and, in our report dated September 12, 2003, 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 Children's Bureau of New Orleans as of June 30, 2004, 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 August 20, 2004, on our consideration of Children's Bureau of New Orleans' internal control over financial reporting, and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. 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.

President and Board of Directors
Children's Bureau of New Orleans

Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplementary information on page 15 is presented for purposes of additional analysis and is not a required part of the basic financial statements of Children's Bureau of New Orleans.

Spilsbury, Hamilton, Legendre & Paciera

August 20, 2004

CHILDREN'S BUREAU OF NEW ORLEANS
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2004
With Summarized Financial Information
at June 30, 2003

	<u>2004</u>	<u>2003</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 36,009	\$ 78,690
Accounts receivable, net of allowance for doubtful accounts of \$2,538 in 2004	119,344	103,284
Contributions receivable	358,010	378,073
Prepaid expenses	18,034	16,535
Investments	175,829	144,930
Deposits	6,777	6,777
Property and equipment	142,869	138,377
Accumulated depreciation	<u>(110,238)</u>	<u>(98,601)</u>
 <i>Total Assets</i>	 <u>\$746,634</u>	 <u>\$768,065</u>
 <u>LIABILITIES</u>		
Accounts payable	\$ 23,037	\$ 23,554
Accrued expenses:		
Accreditation	10,106	6,563
Compensation	0	7,750
Retirement	3,698	8,500
Vacation	<u>22,285</u>	<u>21,749</u>
 <i>Total Liabilities</i>	 <u>59,126</u>	 <u>68,116</u>
 <u>NET ASSETS</u>		
Unrestricted	329,498	309,375
Temporarily restricted	<u>358,010</u>	<u>390,574</u>
 <i>Total Net Assets</i>	 <u>687,508</u>	 <u>699,949</u>
 <i>Total Liabilities and Net Assets</i>	 <u>\$746,634</u>	 <u>\$768,065</u>

See accompanying notes to financial statements.

CHILDREN'S BUREAU OF NEW ORLEANS
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2004
With Summarized Financial Information
for the Year Ended June 30, 2003

	<u>Unrestricted</u>
<u>SUPPORT AND REVENUE</u>	
Contributions and private grants	\$ 82,342
Fees and grants from governmental agencies	673,787
Program service fees	147,086
Dividends and interest	1,318
Net realized and unrealized gains (losses) on investments	30,897
Resource development	37,173
United Way contributions allocation	0
United Way contributions designation	19,797
Net assets released from restrictions	<u>459,902</u>
<i>Total Support and Revenue</i>	<u>1,452,302</u>
<u>EXPENSES</u>	
Program services:	
Adoption/Foster care	147,670
Counseling	645,257
Loss and Survival Team	<u>517,341</u>
	<u>1,310,268</u>
Supporting services:	
Management and general	112,835
Resource development	<u>9,076</u>
	<u>121,911</u>
<i>Total Expenses</i>	<u>1,432,179</u>
Increase (Decrease) in Net Assets	20,123
<u>NET ASSETS</u> - Beginning of year	<u>309,375</u>
<u>NET ASSETS</u> - End of year	<u>\$ 329,498</u>

See accompanying notes to financial statements.

<u>Temporarily Restricted</u>	<u>2004 Total</u>	<u>2003 Total</u>
\$109,328	\$ 191,670	\$ 205,289
0	673,787	720,390
0	147,086	124,605
0	1,318	2,045
0	30,897	23,613
0	37,173	35,870
318,010	318,010	356,073
0	19,797	17,860
<u>(459,902)</u>	<u>0</u>	<u>0</u>
<u>(32,564)</u>	<u>1,419,738</u>	<u>1,485,745</u>
0	147,670	166,548
0	645,257	667,158
<u>0</u>	<u>517,341</u>	<u>525,765</u>
<u>0</u>	<u>1,310,268</u>	<u>1,359,471</u>
0	112,835	82,774
<u>0</u>	<u>9,076</u>	<u>34,542</u>
<u>0</u>	<u>121,911</u>	<u>117,316</u>
<u>0</u>	<u>1,432,179</u>	<u>1,476,787</u>
(32,564)	(12,441)	8,958
<u>390,574</u>	<u>699,949</u>	<u>690,991</u>
<u>\$358,010</u>	<u>\$ 687,508</u>	<u>\$ 699,949</u>

CHILDREN'S BUREAU OF NEW ORLEANS
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2004
With Summarized Financial Information
for the Year Ended June 30, 2003

	<u>Adoption/ Foster Care</u>	<u>Counseling</u>	<u>Program Services Loss and Survival Team</u>
Salaries	\$ 94,671	\$485,342	\$370,744
Employees' retirement benefits and medical insurance	5,136	39,098	24,820
Payroll taxes	<u>7,613</u>	<u>39,368</u>	<u>30,135</u>
<i>Total Employee Compensation</i>	107,420	563,808	425,699
Professional fees and contract service payments	13,475	11,902	17,387
Supplies	454	5,817	9,184
Telephone	1,265	6,406	6,605
Postage and messenger service	528	648	704
Occupancy	10,440	34,100	33,232
Equipment maintenance	249	970	2,146
Printing and publications	191	445	1,898
Travel and other transportation	1,832	7,320	7,584
Conferences and meetings	652	3,668	3,886
Specific assistance	3,937	160	73
Membership dues	1,000	0	0
Depreciation	1,593	3,736	3,214
Miscellaneous and insurance	<u>4,634</u>	<u>6,277</u>	<u>5,729</u>
<i>Total Expenses</i>	<u>\$147,670</u>	<u>\$645,257</u>	<u>\$517,341</u>

See accompanying notes to financial statements.

<u>Total Program Services</u>	<u>Supporting Services</u>			<u>Total Program and Supporting Services Expenses</u>	
	<u>Management and General</u>	<u>Resource Development</u>	<u>Total Supporting Services</u>	<u>2004</u>	<u>2003</u>
	\$ 950,757	\$ 34,914	\$ 0	\$ 34,914	\$ 985,671
69,054	2,735	0	2,735	71,789	78,100
<u>77,116</u>	<u>2,614</u>	<u>0</u>	<u>2,614</u>	<u>79,730</u>	<u>81,769</u>
1,096,927	40,263	0	40,263	1,137,190	1,170,304
42,764	20,843	0	20,843	63,607	72,589
15,455	0	0	0	15,455	24,732
14,276	2,412	0	2,412	16,688	18,769
1,880	1,116	0	1,116	2,996	4,603
77,772	27,593	0	27,593	105,365	93,460
3,365	1,598	0	1,598	4,963	3,306
2,534	2,612	0	2,612	5,146	6,389
16,736	2,120	0	2,120	18,856	17,759
8,206	3,156	0	3,156	11,362	14,430
4,170	53	0	53	4,223	1,894
1,000	470	0	470	1,470	515
8,543	3,094	0	3,094	11,637	12,248
<u>16,640</u>	<u>7,505</u>	<u>9,076</u>	<u>16,581</u>	<u>33,221</u>	<u>35,789</u>
<u>\$1,310,268</u>	<u>\$112,835</u>	<u>\$9,076</u>	<u>\$121,911</u>	<u>\$1,432,179</u>	<u>\$1,476,787</u>

CHILDREN'S BUREAU OF NEW ORLEANS
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2004
With Summarized Financial Information
for the Year Ended June 30, 2003

	<u>2004</u>	<u>2003</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Increase (decrease) in net assets	\$(12,441)	\$ 8,958
Adjustments to reconcile increase (decrease) in net assets to net cash (used for) operating activities:		
Depreciation	11,637	12,248
Net realized and unrealized (gains) on investments	(30,897)	(23,613)
(Increase) decrease in assets:		
Accounts receivable	(16,060)	58,694
Contributions receivable	20,063	(15,404)
Prepaid expenses and deposits	(1,499)	2,752
Increase (decrease) in liabilities:		
Accounts payable	(517)	(26,565)
Accrued expenses	(8,475)	(1,574)
Advance payments	0	(14,748)
Non-cash donation	<u>0</u>	<u>(8,272)</u>
Net Cash (Used for) Operating Activities	<u>(38,189)</u>	<u>(7,524)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchase of equipment	(4,492)	(13,236)
Sales of investments	0	52,694
Purchases of investments	<u>0</u>	<u>0</u>
Net Cash Provided by (Used for) Investing Activities	<u>(4,492)</u>	<u>39,458</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(42,681)	31,934
Cash and Cash Equivalents -		
Beginning of Year	<u>78,690</u>	<u>46,756</u>
End of Year	<u>\$ 36,009</u>	<u>\$78,690</u>

See accompanying notes to financial statements.

CHILDREN'S BUREAU OF NEW ORLEANS
STATEMENT OF CASH FLOWS
(Continued)
YEAR ENDED JUNE 30, 2004
With Summarized Financial Information
for the Year Ended June 30, 2003

	<u>2004</u>	<u>2003</u>
<u>Supplemental Schedule of Cash Flow Information</u>		
Cash paid during the year for:		
Interest	\$ <u>0</u>	\$ <u>0</u>
Income taxes	\$ <u>0</u>	\$ <u>0</u>
<u>Non-Cash Investing and Financing Activities</u>		
Non-cash donation - Boat	\$ <u>0</u>	\$ <u>8,272</u>

See accompanying notes to financial statements.

CHILDREN'S BUREAU OF NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

A. Description of Organization

Children's Bureau of New Orleans ("Children's Bureau") is a private, non-profit United Way Agency that offers a variety of services to children and families. Its principal programs include: (1) adoption/foster care services; (2) counseling individuals and families; and (3) specialized counseling through the Project L.A.S.T. (Loss and Survival Team) program.

The agency 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

Children's Bureau prepares its financial statements on the accrual basis of accounting and, accordingly, reflects all significant receivables, payables, and other liabilities.

Basis of Presentation

Children's Bureau reports information regarding its financial position and activities according to three classes of net assets, 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 Children's Bureau 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.

Children's Bureau has no permanently restricted assets, liabilities or activities.

CHILDREN'S BUREAU OF NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS
(Continued)
JUNE 30, 2004

Summary of Significant Accounting Policies (Cont'd)

Prior Year Summarized 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 Children's Bureau's financial statements for the year ended June 30, 2003, from which the summarized information was derived.

Estimates

Children's Bureau 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.

Cash and Cash Equivalents

For the purposes of the *Statement of Cash Flows*, Children's Bureau considers all unrestricted highly liquid investments purchased with an initial maturity of three months or less to be cash equivalents.

Investments

Children's Bureau carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the *Statement of Financial Position*. Unrealized gains and losses are included in the change in net assets in the accompanying *Statement of Activities*.

Property and Equipment

Children's Bureau capitalizes all expenditures for property and equipment in excess of \$1,000. Purchased property and equipment is carried at cost. Donated property and equipment is carried at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the useful life of the related assets. The useful lives of Children's Bureau's assets range between five and ten years.

CHILDREN'S BUREAU OF NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS
(Continued)
JUNE 30, 2004

Summary of Significant Accounting Policies (Cont'd)

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, 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, Children's Bureau reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. Children's Bureau reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Donated services are recorded 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. During the year, \$7,000 of donated medical, legal and other professional services were received.

C. Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense, and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Changes in the valuation allowance have not been material to the financial statements.

CHILDREN'S BUREAU OF NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS
(Continued)
JUNE 30, 2004

Accounts Receivable (Cont'd)

The accounts receivable at June 30, 2004 are categorized by source as follows.

Fees and grants from governmental agencies	\$ 38,149
Program service fees	75,234
Other	<u>8,499</u>
	121,882
Less allowance for doubtful accounts	<u>2,538</u>
<i>Total</i>	<u>\$119,344</u>

D. Contributions Receivable

The contributions receivable at June 30, 2004 are categorized by donor and use as follows.

United Way allocations:	
Adoption/Foster Care	\$ 82,259
Counseling	191,240
Loss and Survival Team	<u>84,511</u>
	<u>\$358,010</u>

The above amounts are receivable in less than one year, and management considers them to be collectible; accordingly, no allowance for doubtful accounts is required.

E. Property and Equipment

Property and equipment consists of the following.

Furniture, fixtures and equipment	\$112,869
Leasehold improvements	<u>30,000</u>
	142,869
Less: Accumulated depreciation	<u>110,238</u>
<i>Total Property and Equipment</i>	<u>\$ 32,631</u>

Included in the above balances are items that were acquired with funding source restrictions that limit the use of the property and equipment. The net book value of these items is \$13,931.

Depreciation expense for the fiscal year ended June 30, 2004 was \$11,637.

CHILDREN'S BUREAU OF NEW ORLEANS
 NOTES TO FINANCIAL STATEMENTS
 (Continued)
JUNE 30, 2004

F. Investments

Investments are stated at fair value, which is based on quoted market prices for those investments. The values of the investments at June 30, 2004 are as follows.

Corporate bonds	\$ 26,306
Mutual funds	<u>149,523</u>
<i>Total Investments</i>	<u>\$175,829</u>

The following schedule summarizes the investment income which is classified as unrestricted in the *Statement of Activities* for the year ended June 30, 2004.

Dividends and interest income	\$ 1,318
Net realized and unrealized gains on investments	<u>30,897</u>
	<u>\$32,215</u>

G. Unrestricted Net Assets

Unrestricted net assets consists of the following:

Carrying value of property and equipment after accumulated depreciation	\$ 32,631
Net assets available for general activities	<u>296,867</u>
	<u>\$329,498</u>

H. Temporarily Restricted Net Assets

The following temporarily restricted net assets were released during the fiscal year ended June 30, 2004 due to the satisfaction of donor restrictions.

Adoption Program activities	\$100,370
Counseling Program activities	229,744
Specialized Counseling Program activities - Loss and Survival Team Program	<u>129,788</u>
	<u>\$459,902</u>

CHILDREN'S BUREAU OF NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS
(Continued)
JUNE 30, 2004

Temporarily Restricted Net Assets (Cont'd)

The temporarily restricted net assets remaining at June 30, 2004 are for the following purposes:

Adoption program activities	\$ 82,259
Counseling program activities	191,240
Specialized Counseling Program Activities - Loss and Survival Team	<u>84,511</u>
	<u>\$358,010</u>

I. Concentration of Revenue

During fiscal year 2004, Children's Bureau received \$337,807 from the United Way, which represents 24% of total support and revenue.

At June 30, 2004, Children's Bureau had a contribution receivable from the United Way totaling \$318,010, which represents 43% of total assets.

J. Profit Sharing/Defined Contribution Plan

Children's Bureau has a profit sharing/defined contribution retirement plan covering all employees over 21 years old having at least one year of service and exceeding 1,000 hours of service. Contributions to the plan are at the discretion of the Board of Directors. Contributions during the year were \$3,698.

K. Commitments

Children's Bureau has two leases for building space. On June 27, 1997, Children's Bureau entered into a 10-year operating lease for building space with the term commencing on September 1, 1997 and ending on August 31, 2007. This lease has a renewal option for one five-year term at the market rate.

On August 7, 2002, Children's Bureau entered into a 2-year operating lease for building space with the term commencing on September 1, 2002 and ending on August 31, 2004. This lease has a renewal option for one two-year term.

CHILDREN'S BUREAU OF NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS
(Continued)
JUNE 30, 2004

Commitments (Cont'd)

Future minimum commitments under these non-cancelable operating leases having initial or remaining terms in excess of one year as of June 30, 2004 for each of the next five years and in the aggregate are:

June 30,	
2005	\$ 97,892
2006	106,000
2007	108,000
2008	<u>18,000</u>
	<u>\$329,892</u>

Rental expense under all operating leases for fiscal year ended June 30, 2004 was \$105,365.

In addition, these leases contain escalation clauses whereby Children's Bureau shall pay to the Lessor its proportionate share of the increase of any operational cost over and above the base period operating costs as established in the lease agreements.

SUPPLEMENTARY INFORMATION

CHILDREN'S BUREAU OF NEW ORLEANS
 SCHEDULE OF REVENUE AND EXPENSES
 UNITED WAY BUDGET FORMAT
YEAR ENDED JUNE 30, 2004

	<u>Agency Total</u>
<u>REVENUE</u>	
4200 Board-generated self-support	\$ 228,262
4201 Client-generated self-support	147,016
5000 Government grants and contracts	674,237
6700 Other revenue and gains	<u>32,390</u>
<i>Total Self-Generated Revenue</i>	1,081,905
4702 United Way designations	12,662
4703 CFC designations	<u>7,135</u>
<i>Total Revenue</i>	1,101,702
4701 United Way allocations	<u>353,073</u>
<i>Grand Total Revenue</i>	<u>1,454,775</u>
<u>EXPENSES</u>	
7300 Compensation expenses	1,137,190
8400 Occupancy	105,365
8700 Travel and transportation	18,856
8900 Specific assistance	4,223
9402 Board-generated self-support	9,076
9400 Other direct program/support	<u>145,832</u>
<i>Grand Total Expenses</i>	<u>1,420,542</u>
Net Difference	\$ <u>34,233</u>
9500 Depreciation	<u>\$11,637</u>
<u>EXPENSE ANALYSIS</u>	
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.

<u>Supporting Services</u>	<u>Total Program Services</u>	<u>Program Services</u>		
		<u>Adoption/ Foster Care</u>	<u>Counseling</u>	<u>Loss and Survival Team</u>
\$ 98,364	\$ 129,898	\$ 14,465	\$ 31,438	\$ 83,995
0	147,016	35,842	100,369	10,805
0	674,237	0	360,907	313,330
<u>32,251</u>	<u>139</u>	<u>26</u>	<u>61</u>	<u>52</u>
130,615	951,290	50,333	492,775	408,182
4,995	7,667	1,438	3,354	2,875
<u>3,526</u>	<u>3,609</u>	<u>677</u>	<u>1,579</u>	<u>1,353</u>
139,136	962,566	52,448	497,708	412,410
<u>0</u>	<u>353,073</u>	<u>91,329</u>	<u>212,326</u>	<u>49,418</u>
<u>139,136</u>	<u>1,315,639</u>	<u>143,777</u>	<u>710,034</u>	<u>461,828</u>
40,263	1,096,927	107,420	563,808	425,699
27,593	77,772	10,440	34,100	33,232
2,120	16,736	1,832	7,320	7,584
53	4,170	3,937	160	73
9,076	0	0	0	0
<u>39,712</u>	<u>106,120</u>	<u>22,448</u>	<u>36,133</u>	<u>47,539</u>
<u>118,817</u>	<u>1,301,725</u>	<u>146,077</u>	<u>641,521</u>	<u>514,127</u>
\$ <u>20,319</u>	\$ <u>13,914</u>	\$ <u>(2,300)</u>	\$ <u>68,513</u>	\$ <u>(52,299)</u>
<u>\$3,094</u>	<u>\$8,543</u>	<u>\$1,593</u>	<u>\$3,736</u>	<u>\$3,214</u>
		<u>\$146,077</u>	<u>\$641,521</u>	<u>\$514,127</u>
		<u>11.22%</u>	<u>49.28%</u>	<u>39.50%</u>
		<u>\$13,333</u>	<u>\$58,556</u>	<u>\$46,928</u>
		<u>\$159,410</u>	<u>\$700,077</u>	<u>\$561,055</u>
		<u>625</u>	<u>3,000</u>	<u>1,017</u>
		<u>\$255</u>	<u>\$233</u>	<u>\$552</u>

SPILSBURY, HAMILTON, LEGENDRE & PACIERA

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

President and Board of Directors
Children's Bureau of New Orleans
New Orleans, Louisiana

We have audited the financial statements of Children's Bureau of New Orleans, a non-profit organization, as of and for the year ended June 30, 2004, and have issued our report thereon dated August 20, 2004. 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.

Compliance

As part of obtaining reasonable assurance about whether Children's Bureau'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 Children's Bureau'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 in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
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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 President, Board of Directors, management, 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

August 20, 2004