

BEGINNER'S MIND, INC.
d/b/a/ COMMUNITY RESOURCE
COORDINATORS

JUNE 30, 2004

BATON ROUGE, LOUISIANA

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 12-8-04

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August 4, 2004

Independent Auditor's Report

To the Board of Directors
Beginner's Mind, Inc.
d/b/a Community Resource Coordinators
Baton Rouge, Louisiana

We have audited the accompanying Statements of Financial Position of Beginner's Mind, Inc. as of June 30, 2004 and 2003, and the related Statements of Activities, Cash Flows, and Functional Expenses 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 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 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 accompanying financial statements referred to above present fairly, in all material respects, the financial position of Beginner's Mind, Inc. as of June 30, 2004 and 2003, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated August 4, 2004 on our consideration of Beginner's Mind, Inc.'s 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 our audit performed in accordance with Government Auditing Standards and should be used in conjunction with this report in considering the results of our audit.

Respectfully submitted,

Hannis T. Bourgeois, LLP

BEGINNER'S MIND, INC.
d/b/a COMMUNITY RESOURCES COORDINATORS

STATEMENTS OF FINANCIAL POSITION

AS OF JUNE 30, 2004 AND 2003

	<u>ASSETS</u>	2004	2003
Current Assets:			
Cash		\$ 156,677	\$ 147,119
Accounts Receivable		69,856	63,165
Retainage Receivable - Short-Term		57,607	54,370
Other Assets		-	526
Prepaid Insurance		14,707	9,972
		<hr/>	<hr/>
Total Current Assets		298,847	275,152
Property, Plant and Equipment:			
Office Furniture and Equipment		37,024	28,855
Automobiles		10,404	10,404
Leasehold Improvements		1,500	1,500
Accumulated Depreciation		(20,276)	(12,515)
		<hr/>	<hr/>
Total Property, Plant and Equipment		28,652	28,244
Other Assets:			
Retainage Receivable - Long-Term		19,542	17,684
		<hr/>	<hr/>
Total Assets		<u>\$ 347,041</u>	<u>\$ 321,080</u>
	<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:			
Accrued Payroll		42,487	38,266
Payroll Taxes Payable		5,173	4,829
Capital Lease Obligations - Short Term		6,929	6,902
		<hr/>	<hr/>
Total Current Liabilities		54,589	49,997
Other Liabilities:			
Capital Lease Obligations - Long Term		-	6,929
		<hr/>	<hr/>
Total Liabilities		54,589	56,926
Net Assets:			
Unrestricted		292,452	264,154
		<hr/>	<hr/>
Total Net Assets		292,452	264,154
		<hr/>	<hr/>
Total Liabilities and Net Assets		<u>\$ 347,041</u>	<u>\$ 321,080</u>

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

BEGINNER'S MIND, INC.
d/b/a COMMUNITY RESOURCE COORDINATORS

STATEMENTS OF ACTIVITIES AND NET ASSETS

FOR THE YEARS ENDED JUNE 30, 2004 AND 2003

	<u>2004</u>	<u>2003</u>
Support and Revenue:		
Department of Health and Hospitals Contract Revenue	\$ 586,583	\$ 540,619
Capital Area Human Services Contract Revenue	52,038	52,920
Early Steps Program Revenue	154,701	-
Medicaid Fee for Service Revenue	106,074	191,825
Miscellaneous Income	803	734
Interest Income	470	1,033
	<hr/>	<hr/>
Total Support and Revenue	900,669	787,131
Expenses:		
Program Services	810,371	682,220
Management and General	62,000	73,042
	<hr/>	<hr/>
Total Expenses	872,371	755,262
	<hr/>	<hr/>
Increase in Net Assets	28,298	31,869
Net Assets at Beginning of Year	264,154	232,285
	<hr/>	<hr/>
Net Assets at End of Year	<u>\$ 292,452</u>	<u>\$ 264,154</u>

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

BEGINNER'S MIND, INC.
d/b/a COMMUNITY RESOURCE COORDINATORS

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2004 AND 2003

	2004	2003
Cash Flows From Operating Activities:		
Increase in Net Assets	\$ 28,298	\$ 31,869
Adjustments To Reconcile Increase in Net Assets To Net Cash Provided		
By (Used In) Operating Activities:		
Depreciation	7,761	7,284
Changes in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	(6,691)	(6,456)
(Increase) Decrease in Prepaid Insurance	(4,735)	(2,364)
(Increase) Decrease in Other Current Assets	526	477
(Increase) Decrease in Contract Receivable	(5,095)	(53,362)
Increase (Decrease) in Accounts Payable	-	(560)
Increase (Decrease) in Accrued Payroll	4,221	4,841
Increase (Decrease) in Payroll Taxes Payable	344	1,340
	24,629	(16,931)
Cash Flows From Investing Activities:		
Principal Payments Under Capital Lease Obligations	(6,902)	(6,849)
Purchase of Equipment	(8,169)	(21,712)
Proceeds from Capital Lease	-	20,680
	(15,071)	(7,881)
Net Increase (Decrease) In Cash and Cash Equivalents	9,558	(24,812)
Cash and Cash Equivalents at Beginning of Year	147,119	171,931
Cash and Cash Equivalents at End of Year	\$ 156,677	\$ 147,119
Supplemental Disclosure of Cash Flow Information:		
Interest Expense	\$ 807	\$ 917

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

BEGINNER'S MIND, INC.
d/b/a COMMUNITY RESOURCE COORDINATORS

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2004

	Program Services				Total Program Services
	Personal Support Coordination	Case Management MR/DD	Case Management Infants & Toddlers	Other	
Salaries	\$ 36,400	\$ 388,266	\$ 109,200	\$ 72,800	\$ 606,666
Payroll Taxes	2,925	31,203	8,776	5,850	48,754
Insurance	2,528	26,962	7,583	5,055	42,128
Employee Benefits	62	664	187	124	1,037
Advertising & Promotion	42	451	127	84	704
Contract Services	-	1,005	300	195	1,500
Depreciation	433	4,620	1,299	866	7,218
Dues & Subscriptions	76	815	229	153	1,273
Interest	45	481	135	90	751
Rent	2,444	26,070	7,332	4,888	40,734
Office Expense	544	5,800	1,631	1,088	9,063
Equipment Rent	245	2,614	735	490	4,084
Postage	263	2,807	789	526	4,385
Legal & Professional	-	-	-	-	-
Licenses	-	405	121	79	605
Meeting	-	-	-	-	-
Telephone	942	10,043	2,825	1,883	15,693
Training	91	967	272	181	1,511
Auto Expense	1,454	15,504	4,361	2,906	24,225
Miscellaneous	2	25	7	6	40
	<u>48,496</u>	<u>\$ 518,702</u>	<u>\$ 145,909</u>	<u>\$ 97,264</u>	<u>\$ 810,371</u>

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

<u>Management & General</u>	<u>2004 Total Expenses</u>
\$ 40,242	\$ 646,908
3,670	52,424
3,171	45,299
78	1,115
53	757
-	1,500
543	7,761
96	1,369
56	807
3,066	43,800
682	9,745
309	4,393
331	4,716
7,934	7,934
-	605
472	472
1,180	16,873
114	1,625
-	24,225
3	43
<u>\$ 62,000</u>	<u>\$ 872,371</u>

BEGINNER'S MIND, INC.
d/b/a COMMUNITY RESOURCE COORDINATORS

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2003

	Program Services				Total Program Services
	Personal Support Coordination	Case Management MR/DD	Case Management Infants & Toddlers	Other	
Salaries	\$ 30,087	\$ 345,979	\$ 85,241	\$ 40,113	\$ 501,420
Payroll Taxes	2,643	30,390	7,487	3,523	44,043
Insurance	2,262	26,018	6,410	3,017	37,707
Employee Benefits	93	1,074	265	125	1,557
Advertising & Promotior	39	449	111	52	651
Contract Services	-	1,734	428	213	2,375
Depreciation	402	4,624	1,139	536	6,701
Dues & Subscriptions	72	829	204	96	1,201
Interest	51	582	143	68	844
Rent	2,092	24,059	5,928	2,789	34,868
Office Expense	574	6,598	1,626	765	9,563
Equipment Rent	158	1,820	448	211	2,637
Postage	163	1,878	463	218	2,722
Legal & Professional	-	-	-	-	-
Licenses	-	442	109	54	605
Meals & Entertainment	13	155	38	18	224
Meeting	-	-	-	-	-
Telephone	804	9,250	2,279	1,072	13,405
Training	105	1,210	298	141	1,754
Auto Expense	1,183	13,610	3,353	1,578	19,724
Miscellaneous	13	151	37	18	219
	<u>\$ 40,754</u>	<u>\$ 470,852</u>	<u>\$ 116,007</u>	<u>\$ 54,607</u>	<u>\$ 682,220</u>

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

<u>Management & General</u>	<u>2003 Total Expenses</u>
\$ 51,901	\$ 553,321
3,830	47,873
3,279	40,986
135	1,692
55	706
-	2,375
583	7,284
105	1,306
73	917
3,032	37,900
832	10,395
230	2,867
237	2,959
7,150	7,150
-	605
19	243
241	241
1,167	14,572
153	1,907
-	19,724
20	239
<u>\$ 73,042</u>	<u>\$ 755,262</u>

BEGINNER'S MIND, INC.
d/b/a/ COMMUNITY RESOURCE COORDINATORS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2004 AND 2003

Note 1 - Summary of Significant Accounting Policies -

Nature of Activities

Beginner's Mind, Inc. (the Organization) is a nonprofit organization d/b/a Community Resource Coordinators (CRC). The Organization provides case management services and personal support coordination services to the mentally retarded, developmentally disabled, at risk infants and toddlers, and high need elderly in the community. The Organization provides these services under contract with the Department of Health and Hospitals and Capital Area Human Services. For qualifying participants, services are paid by Medicaid. The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

Basis of Accounting

The Organization prepares its financial statements on the accrual basis of accounting. Accordingly, revenues are recognized when earned and expenses are recognized when incurred.

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 Statement 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, as applicable. The Organization does not have temporarily or permanently restricted net assets at June 30, 2004 and 2003.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Support and Revenue

All support and revenue are considered 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, depending on the nature of the restriction. When a restriction expires (that is, when a

stipulated time restriction ends or purpose of 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.

Functional Allocation of Expenses

The costs of providing the various programs have been summarized on a functional basis in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the program and supporting services benefitted based on the percentage of salaries in each category.

Cash and Cash Equivalents

For purposes of reporting cash flows, cash equivalents include all highly liquid debt instruments and certificates of deposit with maturities of three months or less when purchased.

Contributed Services

The Organization recognizes contribution revenue for certain goods and services received at the fair value of those goods and services provided those goods and services create or enhance nonfinancial assets or require specialized skills which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. During the years ended June 30, 2004 and 2003, the value of contributed goods and services meeting the requirements for recognition in the financial statements was not material and has not been recorded.

Property and Equipment

Property and equipment are recorded at cost. Maintenance and repairs are charged to operations and additions and improvements are capitalized. The cost of property sold or otherwise disposed of and the accumulated depreciation thereon are eliminated from the property and related accumulated depreciation accounts, and any gain or loss is credited or charged to income.

Depreciation is provided by the straight-line method over the estimated useful lives.

Concentration of Risk

During the year ended June 30, 2004 and 2003, the Organization derived approximately 94% and 93% of its revenue from Medicaid of which 69% and 74% of this income was derived through contract with the Department of Health and Hospitals.

At times during the year, the Company had cash deposits and outstanding checks in excess of federally insured limits.

Note 2 - Line of Credit -

At June 30, 2004, the Organization has a line of credit available in the amount of \$7,000 with Hibernia National Bank at a Wall Street Journal Prime Rate + 4.50% floating rate of interest. The line matures on November 17, 2004 and is secured by the personal guarantee of the Director. As of June 30, 2004 and 2003, there were no draws outstanding on this line of credit.

During the current year, the Organization opened a line of credit in the amount of \$50,000 with Union Planters Bank at a Wall Street Journal Prime Rate + 2.50% floating rate of interest. The line matures on October 17, 2004, and is secured by the personal guarantee of the Director. As of June 30, 2004, there were no draws outstanding on this line of credit.

Note 3 - Leases -

The Organization leases an office building under a noncancelable operating lease, which will expire on February 28, 2005. Rental expense under the operating lease was approximately \$43,800 in 2004 and \$37,900 in 2003.

Future minimum lease payments under this agreement are as follows:

Year Ending June 30,	
2005	<u>\$ 30,000</u>

Included in the property and equipment at June 30, 2004, is equipment under capital leases of \$13,583, net of accumulated depreciation of \$7,098. The following is a schedule by years of the future minimum lease payments together with the present value of the net minimum lease payments as of June 30, 2004:

2005	<u>\$ 6,929</u>
	<u>\$ 6,929</u>
Net Minimum Lease Payments	\$ 7,101
Less: Amounts Representing Interest	<u>(172)</u>
Present Value of Net Minimum Lease Payments	<u>\$ 6,929</u>

Note 4 - Retirement Plan -

Employees of the Organization may participate in an Internal Revenue Code section 403(b) Retirement Savings Plan. The Plan is funded solely by employee contributions to the Plan, pursuant to a salary reduction agreement.

SUPPLEMENTARY INFORMATION

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



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August 4, 2004

To the Board of Directors
Beginner's Mind, Inc.
d/b/a Community Resource Coordinators
Baton Rouge, Louisiana

We have audited the financial statements of Beginner's Mind, Inc. as of and for the year ended June 30, 2004 and have issued our report thereon dated August 4, 2004. We conducted our 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 Beginner's Mind, 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 Beginner's Mind, 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 misstatements 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 for the information of Management, others within the organization, the Office of the Legislative Auditor, and various cognizant agencies, and is not intended to be and should not be used by anyone other than these specified parties. However, under the provisions of Louisiana Revised Statute 24:513, this report is distributed by the legislative auditor as a public document and its distribution is not limited.

Respectfully submitted,

Hannis T. Bourgeois, LLP