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Bossier Kids, Inc
Bossier City, Louisiana

Financial Statements

As of and For the Years Ended June 30, 2004 and 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 2-9-05

Bossier Kids, Inc.
Bossier City, Louisiana

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Independent Auditors' Report

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

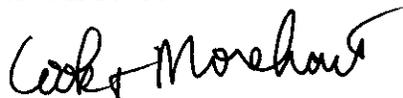
We have audited the accompanying statements of financial position of Bossier Kids, Inc. (a nonprofit organization) as of June 30, 2004 and 2003, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with 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 the 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, 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 October 14, 2004 on our consideration of Bossier Kids, Inc.'s internal control over financial reporting and on 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.

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
October 14, 2004

Bossier Kids, Inc.
Bossier City, Louisiana
Statements of Financial Position
June 30, 2004 and 2003

	2004	2003
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 17,435	\$ 39,996
Revenue receivable	10,104	13,184
Prepaid expenses	1,069	1,911
Notes receivable - current portion	5,263	6,212
Total current assets	33,871	61,303
Property and equipment	317,279	314,649
Accumulated depreciation	(133,404)	(121,850)
Net property and equipment	183,875	192,799
Notes receivable - long-term	10,571	15,915
Total Assets	\$ 228,317	\$ 270,017
 LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 1,762	\$ 3,189
Salaries and taxes payable	1,059	1,330
Total current liabilities	2,821	4,519
Net assets:		
Unrestricted:		
Operating	41,621	72,699
Fixed assets	183,875	192,799
Total net assets	225,496	265,498
Total Liabilities and Net Assets	\$ 228,317	\$ 270,017

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, 2004

	<i>Unrestricted</i>
REVENUES AND OTHER SUPPORT	
State revenue - child care contract	\$ 112,240
Airline Church of Christ donations	12,000
Donations	21,020
Interest income	1,130
Other income	27
Total revenue and other support	146,417
 EXPENSES	
Child care services	144,400
General and administrative expenses	42,019
Total expenses	186,419
Changes in net assets	(40,002)
Net assets as of beginning of year	265,498
Net assets as of end of year	\$ 225,496

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, 2003

	Unrestricted
REVENUES AND OTHER SUPPORT	
State revenue - child care contract	\$ 142,271
Airline Church of Christ donations	12,000
Donations	15,891
Interest income	1,556
Total revenue and other support	171,718
 EXPENSES	
Child care services	174,996
General and administrative expenses	29,539
Total expenses	204,535
Changes in net assets	(32,817)
Net assets as of beginning of year	298,315
Net assets as of end of year	\$ 265,498

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, 2004 and 2003

	2004	2003
Operating Activities		
Changes in net assets	\$ (40,002)	\$ (32,817)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	12,200	11,975
Loss on disposal		138
(Increase) decrease in:		
Contract revenue receivable	3,080	576
Prepaid expenses	842	(498)
Increase (decrease) in:		
Accounts payable	(1,427)	232
Salaries and taxes payable	(271)	491
Net cash (used in) operating activities	(25,578)	(19,903)
 Investing Activities		
Purchases of property and equipment	(3,276)	(6,076)
Collections on notes receivable	6,293	6,209
Net cash provided by investing activities	3,017	133
 Net decrease in cash and cash equivalents	(22,561)	(19,770)
 Cash and cash equivalents as of beginning of year	39,996	59,766
 Cash and cash equivalents as of end of year	\$ 17,435	\$ 39,996

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

Bossier Kids, Inc.
Bossier City, Louisiana
Notes to Financial Statements
June 30, 2004 and 2003

(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, 2004 and 2003
(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, 2004 and 2003.

(Continued)

Bossier Kids, Inc.
 Bossier City, Louisiana
 Notes to Financial Statements
 June 30, 2004 and 2003
 (Continued)

(3) Property and Equipment

A summary of property and equipment at June 30, 2004 and 2003 is as follows:

	2004	2003
Building Unit #1	\$ 89,600	\$ 88,769
Building Unit #2	86,830	86,830
Building Unit #3	121,656	121,656
Office Furniture and Equipment	11,123	11,123
Other Equipment	4,684	2,885
Storage Building	3,386	3,386
	317,279	314,649
Accumulated Depreciation	(133,404)	(121,850)
Net Property and Equipment	\$ 183,875	\$ 192,799

Depreciation expense for the years ended June 30, 2004 and 2003 were \$12,200 and \$ 11,975 respectively.

(4) Notes Receivable

The balance in notes receivable is comprised of two notes. The first 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.

The second note, dated December 1, 2000, was created by a loan to a foster parent for the purchase of an automobile. The original amount of the note was \$18,000, no interest, due in consecutive monthly installments of \$350 commencing January 1, 2001, until the note is paid in full. Bossier Kids, Inc., donated a fully depreciated automobile to the foster parent which he used as a trade in on the new automobile. The note is collateralized by a first lien on the automobile.

(Continued)

Bossier Kids, Inc.
Bossier City, Louisiana
Notes to Financial Statements
June 30, 2004 and 2003
(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, 2004, total cash balances held at the financial institution was \$17,933 which was insured by FDIC. At June 30, 2003, total cash balances held at the financial institution was \$41,267 which was insured by FDIC.

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, 2004 and 2003, 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 and an automobile sufficient to cover any loss Bossier Kids, Inc., would incur if the parties failed to perform according to the contracts. As of June 30, 2004 and 2003, 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, 2004 and 2003, Bossier Kids received \$112,240 and \$142,271, 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) Related Party Transactions

The Airline Drive Church of Christ provides various goods and services to Bossier Kids at no cost, including office space, use of furniture and equipment, janitorial services, utilities, and various general and administrative expenses. The value of the goods and services received by Bossier Kids has not been determined, and as such, has not been recorded in the accompanying financial statements.

Bossier Kids, Inc.
 Bossier City, Louisiana
 Schedule of Functional Expenses
 For the Years Ended June 30, 2004 and 2003

	Child Care Expenses	General and Administrative	2004 Total	2003 Total
Personnel	\$ 12,653	\$ 30,288	\$ 42,941	\$ 36,301
Fringe benefits	975	2,333	3,308	2,741
Child Care	98,934		98,934	124,125
Repairs and maintenance	6,755		6,755	10,390
Office expense		3,043	3,043	3,051
Utilities	8,959		8,959	8,315
Travel	411		411	526
Insurance	4,358		4,358	4,402
Depreciation	11,355	845	12,200	11,975
Miscellaneous		4,085	4,085	1,709
Professional services		1,425	1,425	1,000
Total expenses	\$ 144,400	\$ 42,019	\$ 186,419	\$ 204,535

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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 years ended June 30, 2004 and 2003, and have issued our report thereon dated October 14, 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.

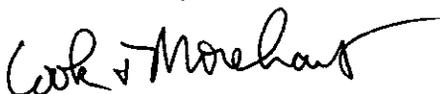
Compliance

As part of obtaining reasonable assurance about whether 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. However, we noted a certain other matter involving the internal control over financial reporting that we have reported to the management of Bossier Kids, Inc. in a separate management letter dated October 14, 2004.

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
October 14, 2004

Bossier Kids, Inc.
Bossier City, Louisiana
Summary Schedule of Audit Findings
Schedule for Louisiana Legislative Auditor
June 30, 2004 and 2003

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, 2003.

Corrective Action Plan for Current Year Audit Findings

There were no findings for the current year audit for the year ended June 30, 2004.

There was one management letter comment for the current year audit for the year ended June 30, 2004. Management's response to that comment is as follows:

(1) SEPARATION OF DUTIES

Bossier Kids will apply the recommendation for separation of duties. Bank statements will be received directly by the board treasurer and then forwarded to the accountant. Checks will not be signed in advance.

COOK & MOREHART

Certified Public Accountants

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Management Letter

October 14, 2004

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

We have audited the financial statements of Bossier Kids, Inc. (Bossier Kids), for the year ended June 30, 2004, and have issued our report thereon dated October 14, 2004. In planning and performing our audit of the financial statements of Bossier Kids, Inc., we considered its 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.

During our audit certain matters were noted involving internal controls over financial reporting and other operational matters which appear to merit your attention for consideration to improve the internal control or operations of Bossier Kids. These comments have been discussed with the appropriate members of management.

(1) SEPARATION OF DUTIES

During our audit, we noted that the accountant has signature authority on the agency's operating bank account. The checks do require two signatures; however, we noted several checks which had been signed in advance by the other signatory. In addition, the bank statements are received directly by the accountant.

We recommend that no checks be signed in advance. In addition, we recommend that the bank statements be received directly by the board treasurer and be reviewed and physically approved prior to being forwarded to the accountant.

We express sincere thanks to Bossier Kids personnel for the cooperation and assistance provided us during our audit. We are available to provide you assistance and consultation in the implementation of the above mentioned items. This letter is furnished solely for the use of management and the Board of Directors and is not intended to be used for any other purpose.



Cook & Morehart
Certified Public Accountants