

**PROJECT CELEBRATION, INC.
MANY, LOUISIANA
FINANCIAL STATEMENTS
FOR THE 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 1-12-05

PROJECT CELEBRATION, INC.
MANY, LOUISIANA
BOARD OF DIRECTORS
JUNE 30, 2004

President

Jim House

First Vice-President

Floyd Giblin

Second Vice-President

Kenneth Ammons

Secretary/Treasurer

Barbara Peterson

Board Members

Ruby Collier
J. D. Thorton

Executive Director

Margaret Basco

PROJECT CELEBRATION, INC.
MANY, LOUISIANA
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JUNE 30, 2004

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HINES, JACKSON & HINES, L.L.C.

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Project Celebration, Inc.
Many, Louisiana 71449

We have audited the accompanying statement of financial position of the Project Celebration, Inc. (a non-profit organization), as of June 30, 2004, and the related statements of activities, cash flows, and functional expenses for the year then ended. These financial statements are the responsibility of Project Celebration's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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. 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 the Project Celebration, Inc., as of June 30, 2004, and the changes in its net assets, cash flows, and functional expenses for the year 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 a report dated December 24, 2004, on our consideration of Project Celebration, 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 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.

Hines, Jackson & Hines
Natchitoches, Louisiana
December 24, 2004

PROJECT CELEBRATION, INC.
MANY, LOUISIANA
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2004

ASSETS	
CURRENT ASSETS	
Cash	\$ 71,031
Accounts receivables	74,354
Prepaid expenses	<u>2,777</u>
Total Current Assets	148,162
Equipment and leasehold improvements, net	<u>39,283</u>
Total Assets	<u>\$ 187,445</u>
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Current portion of long-term debt	\$ 447
Accounts payable and accruals	<u>23,076</u>
Total Current Liabilities	23,523
Long-term debt, net of current portion	<u>1,216</u>
Total Liabilities	24,739
NET ASSETS	
Unrestricted	84,298
Temporarily restricted	<u>78,408</u>
Total Net Assets	<u>162,706</u>
Total Liabilities and Net Assets	<u>\$ 187,445</u>

PROJECT CELEBRATION, INC.
MANY, LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2004

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
UNRESTRICTED NET ASSETS			
Support			
Contributions	\$ 1,771	\$ 6,204	\$ 7,975
Contract services	43,684	0	43,684
Grants and receipts from other governments	346,241	303,425	649,666
Interest	<u>110</u>	<u>175</u>	<u>285</u>
Total Support	391,806	309,804	701,610
EXPENSES			
Program Services	314,093	250,182	564,275
Management and General	<u>93,130</u>	<u>66,373</u>	<u>159,503</u>
Total Expenses	<u>407,223</u>	<u>316,555</u>	<u>723,778</u>
Change in Net Assets	(15,417)	(6,751)	(22,168)
NET ASSETS, Beginning of year	<u>99,715</u>	<u>85,159</u>	<u>184,874</u>
NET ASSETS, End of year	<u>\$ 84,298</u>	<u>\$ 78,408</u>	<u>\$ 162,706</u>

EXHIBIT C

PROJECT CELEBRATION, INC.
MANY, LOUISIANA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2004

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ (22,168)
Adjustments to reconcile change in net assets to net cash used by operating activities	
Depreciation	11,265
(Increase)/decrease in operating assets	
Accounts receivables	(9,307)
Prepaid expenses	1,895
Increase/(decrease) in operating liabilities	
Accounts payable and accruals	<u>19,129</u>
Net Cash Provided By/(Used In) Operating Activities	814
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of equipment	<u>(15,005)</u>
Net Cash Provided By/(Used In) Investing Activities	(15,005)
CASH FLOWS FROM FINANCING ACTIVITIES	
Principal payments on long-term debt	<u>(468)</u>
Net Cash Provided By/(Used In) Financing Activities	<u>(468)</u>
Net Change in Cash	(14,659)
CASH, Beginning of year	<u>85,690</u>
CASH, End of year	<u>\$ 71,031</u>

SUPPLEMENTAL DISCLOSURE

Cash paid during the year ended June 30, 2004 for interest was \$91.

PROJECT CELEBRATION, INC.
MANY, LOUISIANA
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2004

EXPENSES	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
Client expenses	\$ 38,276	\$ 0	\$ 38,276
Contract services	156,798	0	156,798
Depreciation	0	11,265	11,265
Insurance	0	3,787	3,787
Interest expense	0	91	91
Legal and professional	0	4,750	4,750
Membership and dues	0	1,474	1,474
Material and supplies	22,897	0	22,897
Miscellaneous	0	3,241	3,241
Office expense	0	13,331	13,331
Payroll taxes	19,873	5,647	25,520
Rent	0	9,000	9,000
Repairs and maintenance	0	3,276	3,276
Salaries	259,774	73,823	333,597
Telephone	0	14,606	14,606
Travel and training	66,657	0	66,657
Utilities	0	12,406	12,406
Workman's compensation	0	2,806	2,806
Total Functional Expenses	<u>\$ 564,275</u>	<u>\$ 159,503</u>	<u>\$ 723,778</u>

PROJECT CELEBRATION, INC.
MANY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2004

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

Project Celebration, Inc. (a non-profit organization) was incorporated June 12, 1989, for the purpose of promoting a chemical-free life style for the youth of Sabine Parish. In June 1996, Project Celebration began operating a domestic violence transitional home for women and children.

A. CASH

Consistent with FASB 95, Statement of Cash Flows, Project Celebration defines cash as not only currency on hand but also demand deposits with banks or other financial institutions and other kinds of accounts that have the general characteristics of demand deposits in that the customer may deposit additional funds at any time and also effectively may withdraw funds at any time without prior notice or penalty.

B. RECEIVABLE

All receivables are reported at their gross value and, where, applicable, are reduced by the estimated portion that is expected to be uncollected.

C. ALLOWANCE FOR DOUBTFUL ACCOUNTS

Uncollectible amounts are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable. At June 30, 2004, \$0 were considered to be uncollectible.

D. EQUIPMENT AND LEASEHOLD IMPROVEMENTS

Donations of equipment are recorded as support at their estimated fair value. 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 equipment are reported as restricted support. When donor stipulations are absent regarding how long those donated assets must be maintained, Project Celebration reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. Project Celebration reclassifies temporarily restricted net assets to unrestricted net assets at that time. Equipment are depreciated using the straight-line method.

E. NET ASSETS

Project Celebration has elected to adopt Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations." Under SFAS No. 117, Project Celebration 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.

F. PROMISES TO GIVE

Contributions are recognized when the donor makes a promise to give to Project Celebration that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the

PROJECT CELEBRATION, INC.
MANY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2004

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. PROMISES TO GIVE (CONTINUED)

restrictions expire in the fiscal year in which the contributions are reported as increases in temporary or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

G. CONTRIBUTIONS

Project Celebration has elected to adopt Statement of Financial Accounting Standards (SFAS) No. 116, "Accounting for Contributions Received and Contributions Made." In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

H. ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

I. INCOME TAXES

Project Celebration is exempt from income taxes under Internal Revenue Code Section 501(c)(3).

NOTE 2 CASH

At June 30, 2004, Project Celebration had cash totaling \$71,031, as follows:

Petty cash	\$	50
Interest bearing accounts		70,946
Demand deposits		<u>35</u>
Total	\$	<u>71,031</u>

At June 30, 2004, Project Celebration had \$96,592 in bank deposits. These deposits were secured from risk by \$96,592 of federal deposit insurance.

NOTE 3 ACCOUNTS RECEIVABLE

At June 30, 2004, Project Celebration had accounts receivable of the following:

Grants and receipts from other governments	\$	72,715
Other		<u>1,639</u>
Total	\$	<u>74,354</u>

PROJECT CELEBRATION, INC.
MANY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2004

NOTE 4 EQUIPMENT AND LEASEHOLD IMPROVEMENTS

All equipment and leasehold improvements are stated at historical cost. Depreciation is charged as an expense against operations and has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Equipment	5-10 years
Leasehold improvements	Lesser of the term of the related lease or 27.5 years

A summary of Project Celebration's equipment and leasehold improvements at June 30, 2004, is presented below:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net</u>	<u>Depreciation This Year</u>
Equipment	\$ 44,048	\$ 25,797	\$ 18,251	\$ 5,086
Leasehold improvements	<u>66,241</u>	<u>45,209</u>	<u>21,032</u>	<u>6,179</u>
Total	<u>\$ 110,289</u>	<u>\$ 71,006</u>	<u>\$ 39,283</u>	<u>\$ 11,265</u>

Maintenance and repairs are charged to operations when incurred. Betterments and renewals are capitalized. When equipment is sold or otherwise disposed of, the asset account and related accumulated depreciation account is relieved, and any gain or loss is included in activities.

NOTE 5 ACCOUNTS PAYABLE AND ACCRUALS

At June 30, 2004, Project Celebration had accounts payable and accruals of the following:

Vendor	\$ 16,623
Salaries and related benefits	6,453
Other	<u>0</u>
Total	<u>\$ 23,076</u>

NOTE 6 LONG-TERM DEBT

Note payable, FmHA, bearing interest at 4.75 percent with month principal and interest payments of \$43, maturing June 2008.	\$ 1,663
Total Debt	1,663
Less: Current portion	<u>(447)</u>
Total Long-term Debt	<u>\$ 1,216</u>

NOTE 7 TEMPORARILY RESTRICTED NET ASSETS

At June 30, 2004, Project Celebration had temporarily restricted net assets of \$78,408 related to the domestic violence transitional home program.

PROJECT CELEBRATION, INC.
MANY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2004

NOTE 8 LEASE OBLIGATIONS

Project Celebration Office Building

On October 30, 1997, the owners of the office used by Project Celebration executed an usufruct agreement giving Project Celebration use of the building as long as the Organization is in existence.

Domestic Violence Transitional Home

On February 9, 2001, Project Celebration entered into a one year noncancellable operating lease of a building to use as the domestic violence transitional home. The lease also contains unlimited one year renewal options.

Project Celebration was not obligated under any capital lease agreements at June 30, 2004.

NOTE 9 EMPLOYEE RETIREMENT SYSTEM

All employees of Project Celebration are covered by the Social Security System. Employees contribute 6.2 percent of their total salary to the System, while Project Celebration contributes a like amount. For the year ended June 30, 2004, total contributions to the System were \$41,366, of which Project Celebration contributed \$20,683 and employees contributed \$20,683. Total payroll for the year ended June 30, 2004 was \$333,597 and total payroll covered by the System was \$333,597. Any future deficit in this System will be financed by the United States Government. Project Celebration has no further liability to the system for the year ended June 30, 2004.

NOTE 10 LITIGATION

Project Celebration was not involved in any litigation at June 30, 2004.

NOTE 11 RISK MANAGEMENT

Project Celebration is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Project Celebration maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to Project Celebration.

NOTE 12 CLAIMS AND JUDGEMENTS

Project Celebration participates in federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, Project Celebration may be required to reimburse the grantor government. Management believes that disallowed expenditures, if any, based on subsequent audits, will not have a material effect on Project Celebration's overall financial position.

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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

Board of Directors
Project Celebration, Inc.
Many, Louisiana 71449

We have audited the financial statements of Project Celebration, Inc., as of and for the year ended June 30, 2004, and have issued our report thereon dated December 24, 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 the Project Celebration'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 Project Celebration's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatement in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Project Celebration's management and the Legislative Auditor of the State of Louisiana and is not intended to be, and should not be, used by anyone other than the specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Hines, Jackson & Hines

Natchitoches, Louisiana

December 24, 2004

PROJECT CELEBRATION, INC.
MANY, LOUISIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED
JUNE 30, 2004

<u>Ref. No.</u>	<u>Fiscal Year Finding Initially Occurred</u>	<u>Description of Finding</u>	<u>Corrective Action Taken (Yes, No, Partially)</u>	<u>Planned Corrective Action/Partial Corrective Action Taken</u>
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Nothing came to our attention that would require disclosure under Government Auditing Standards.

PROJECT CELEBRATION, INC.
MANY, LOUISIANA
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
FOR THE YEAR ENDED
JUNE 30, 2004

<u>Ref. No.</u>	<u>Description of Finding</u>	<u>Correct Action Planned</u>	<u>Name(s) of Contact Person(s)</u>	<u>Anticipated Completion Date</u>
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Nothing came to our attention that would require disclosure under Government Auditing Standards.