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Prevent Child Abuse Louisiana
Baton Rouge, Louisiana
June 30, 2004

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Release Date 1-26-05

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November 12, 2004

Independent Auditor's Report

Board of Directors
Prevent Child Abuse Louisiana
Baton Rouge, Louisiana

Members of the Board:

We have audited the accompanying statements of financial position of

Prevent Child Abuse Louisiana
(A Non-Profit Organization)
Baton Rouge, Louisiana

as of June 30, 2004 and 2003, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of Prevent Child Abuse Louisiana'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 financial statements referred to above present fairly, in all material respects, the financial position of Prevent Child Abuse Louisiana, 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 November 12, 2004, on our consideration of Prevent Child Abuse Louisiana'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.

Yours truly,

Hawthorn, Waymouth & Carroll L.L.P.

Prevent Child Abuse Louisiana
Statements of Financial Position
June 30, 2004 and 2003

Assets

	2004	2003
Current Assets		
Cash in banks	$23,710	$78,443
Cash in banks - board designated	51,168	38,962
Grants receivable	63,028	173,046
Prepaid expenses	7,299	9,528
	145,205	299,979
Fixed Assets		
Furniture and fixtures	5,686	5,686
Equipment	74,366	69,143
	80,052	74,829
Less: accumulated depreciation	60,142	46,251
	19,910	28,578
Land		7,900
	19,910	36,478
Other Assets		
Deposits	1,489	1,480
Long-Term Unconditional Promise to Give	318,070	290,984
Total assets	484,674	628,921

Liabilities and Net Assets

	2004	2003
Current Liabilities		
Line of credit	74,527	74,979
Accounts payable	38,809	108,034
Accrued expenses	13,536	11,354
	126,872	194,367
Deferred Liabilities		
Deferred income	14,100	8,000
Net Assets		
Unrestricted net assets	25,632	135,570
Temporarily restricted	318,070	290,984
	343,702	426,554
Total liabilities and net assets	484,674	628,921

The accompanying notes are an integral part of these statements.

Prevent Child Abuse
Statement of Activities
Year Ended June 30, 2004

	Unrestricted Net Assets				
	General Operating	Board Designated	Unrestricted Totals	Temporarily Restricted	Total Net Assets
Changes in Net Assets					
Public Support and Revenue					
Grants - Governments	$548,979		$548,979		$548,979
Contributions					
Organizations	32,816		32,816		32,816
Corporate donations	11,965		11,965		11,965
Foundation receipts	60,884		60,884		60,884
Individual donations	28,742	$5,000	33,742		33,742
Special events	340,828		340,828		340,828
Program service fees					
Training and publications	6,922		6,922		6,922
State conferences	63,720		63,720		63,720
Other	5,784	7,206	12,990	$27,086	40,076
Total public support and revenue	1,100,640	12,206	1,112,846	27,086	1,139,932
Expenses					
Prevent Child Abuse Program Services	964,703		964,703		964,703
Supporting Services					
Administrative	137,868		137,868		137,868
Fund-raising	120,213		120,213		120,213
Total expenses	1,222,784		1,222,784		1,222,784
Increases (Decreases) in Net Assets	(122,144)	12,206	(109,938)	27,086	(82,852)
Net Assets at Beginning of Year	96,608	38,962	135,570	290,984	426,554
Net Assets at End of Year	(25,536)	51,168	25,632	318,070	343,702

The accompanying notes are an integral part of these statements.

Prevent Child Abuse
Statement of Activities
Year Ended June 30, 2003

	Unrestricted Net Assets				
	General Operating	Board Designated	Unrestricted Totals	Temporarily Restricted	Total Net Assets
Changes in Net Assets					
Public Support and Revenue					
Grants - Governments	$772,414		$772,414		$772,414
Contributions					
Organizations	28,909		28,909		28,909
Corporate donations	6,787		6,787		6,787
Foundation receipts	207,500		207,500		207,500
Individual donations	40,222		40,222		40,222
Special events	371,542		371,542		371,542
Program service fees					
Training and publications	10,099		10,099		10,099
State conferences	64,155		64,155		64,155
Other	3,605		3,605	($4,475)	(870)
Total public support and revenue	1,505,233		1,505,233	(4,475)	1,500,758
Expenses					
Prevent Child Abuse Program Services	1,260,442		1,260,442		1,260,442
Supporting Services					
Administrative	129,594	$743	130,337		130,337
Fund-raising	143,609		143,609		143,609
Total expenses	1,533,645	743	1,534,388		1,534,388
Increases (Decreases) in Net Assets	(28,412)	(743)	(29,155)	(4,475)	(33,630)
Net Assets at Beginning of Year	125,020	39,705	164,725	295,459	460,184
Net Assets at End of Year	96,608	38,962	135,570	290,984	426,554

The accompanying notes are an integral part of these statements.

Prevent Child Abuse Louisiana
Statement of Functional Expenses
Year Ended June 30, 2004

	Program	Supporting Services			
	Prevent Child Abuse	Administration	Fund-raising	Total Supporting Services	Total Expenses
Payroll expenses	$382,414	$53,269	$41,794	$95,063	$477,477
Employee benefits	22,254	4,171	5,044	9,215	31,469
Payroll taxes	30,811	2,051	1,394	3,445	34,256
Contract services	78,387	5,480	1,160	6,640	85,027
Program supplies	91,165	718	57,304	58,022	149,187
Printing	33,761		6,411	6,411	40,172
Welcome baby subcontract	34,555				34,555
Occupancy	41,638	29,511		29,511	71,149
Telephone	32,972	550	733	1,283	34,255
Travel	28,325	3,436	2,681	6,117	34,442
Postage and shipping	12,370	291	2,847	3,138	15,508
Equipment maintenance and rental	5,344	6,918		6,918	12,262
Training staff	9,404	1,089		1,089	10,493
Professional fees	3,450	5,538	354	5,892	9,342
Office supplies	2,282	369	13	382	2,664
Volunteer recognition	257	411	478	889	1,146
Insurance	19,610	279		279	19,889
Interest	3,508				3,508
Janitorial service	3,780				3,780
Public relations and advertising	123,988				123,988
Board retreat		513		513	513
Miscellaneous	4,428	1,484		1,484	5,912
Donations		7,900		7,900	7,900
Depreciation		13,890		13,890	13,890
	964,703	137,868	120,213	258,081	1,222,784

The accompanying notes are an integral part of these statements.

Prevent Child Abuse Louisiana
Statement of Functional Expenses
Year Ended June 30, 2003

	Program	Supporting Services			
	Prevent Child Abuse	Admini-stration	Fund-raising	Total Supporting Services	Total Expenses
Payroll expenses	$394,262	$52,393	$49,137	$101,530	$495,792
Employee benefits	22,063	4,378	5,061	9,439	31,502
Payroll taxes	29,176	3,384	3,546	6,930	36,106
Contract services	159,449	5,840	1,675	7,515	166,964
Program supplies	129,154		65,352	65,352	194,506
Printing	77,685	62	8,149	8,211	85,896
Welcome baby subcontract	213,127				213,127
Occupancy	38,099	30,520		30,520	68,619
Telephone	40,036	502	245	747	40,783
Travel	34,588	7,549	4,011	11,560	46,148
Postage and shipping	14,647	56	3,488	3,544	18,191
Equipment maintenance and rental	16,319	3,393		3,393	19,712
Training staff	11,309	1,646		1,646	12,955
Professional fees	27,521	3,754	453	4,207	31,728
Office supplies	3,499	1,990		1,990	5,489
Volunteer recognition	954	1,153	1,429	2,582	3,536
Insurance	18,774				18,774
Janitorial service	3,780				3,780
Public relations and advertising	14,445				14,445
Board retreat		5,233		5,233	5,233
Miscellaneous	5,055	3,871	1,063	4,934	9,989
Depreciation	6,500	4,613		4,613	11,113
	1,260,442	130,337	143,609	273,946	1,534,388

The accompanying notes are an integral part of these statements.

Prevent Child Abuse Louisiana
Statement of Cash Flows
Year Ended June 30, 2004

	Unrestricted Net Assets				
	General Operating	Board Designated	Unrestricted Totals	Temporarily Restricted	Total Net Assets
Cash Flows From Operating Activities					
Increase (decrease) in net assets	($122,144)	$12,206	($109,938)	$27,086	($82,852)
Adjustments to reconcile net assets to net cash provided by operating activities					
Depreciation	13,890		13,890		13,890
Change in value of split-interest agreements				(27,086)	(27,086)
Donation of land	7,900		7,900		7,900
Decrease in receivables	110,018		110,018		110,018
(Increase) in prepaid expenses	2,229		2,229		2,229
(Increase) in deposits	(9)		(9)		(9)
(Decrease) in accounts payable	(69,225)		(69,225)		(69,225)
(Decrease) in accrued expenses	2,182		2,182		2,182
Increase in deferred income	6,100		6,100		6,100
Net cash provided by (applied to) operating activities	(49,059)	12,206	(36,853)		(36,853)
Cash Flows From Investing Activities					
Acquisition of fixed assets	(5,222)		(5,222)		(5,222)
Net cash applied to investing activities	(5,222)		(5,222)		(5,222)
Cash Flows From Financing Activities					
Proceeds of line of credit	(452)		(452)		(452)
Net cash provided by financing activities	(452)		(452)		(452)
Net Increase (Decrease) in Cash and Cash Equivalents	(54,733)	12,206	(42,527)		(42,527)
Cash, Beginning of Year	78,443	38,962	117,405		117,405
Cash, End of Year	23,710	51,168	74,878		74,878

Prevent Child Abuse Louisiana
Statement of Cash Flows
Year Ended June 30, 2004

	Unrestricted Net Assets				
	General Operating	Board Designated	Unrestricted Totals	Temporarily Restricted	Total Net Assets
Cash Flows From Operating Activities					
Increase (decrease) in net assets	($28,412)	($743)	($29,155)	($4,475)	($33,630)
Adjustments to reconcile net assets to net cash provided by operating activities					
Depreciation	11,113		11,113		11,113
Change in value of split-interest agreements				4,475	4,475
Decrease in receivables	(45,349)		(45,349)		(45,349)
(Increase) in prepaid expenses	(7,702)		(7,702)		(7,702)
(Increase) in deposits					
(Decrease) in accounts payable	46,812		46,812		46,812
(Decrease) in accrued expenses	458		458		458
Increase in deferred income	(7,625)		(7,625)		(7,625)
Net cash provided by (applied to) operating activities	(30,705)	(743)	(31,448)		(31,448)
Cash Flows From Investing Activities					
Acquisition of fixed assets	(14,582)		(14,582)		(14,582)
Net cash applied to investing activities	(14,582)		(14,582)		(14,582)
Cash Flows From Financing Activities					
Proceeds of line of credit	74,979		74,979		74,979
Net cash provided by financing activities	74,979		74,979		74,979
Net Increase (Decrease) in Cash and Cash Equivalents	29,692	(743)	28,949		28,949
Cash, Beginning of Year	48,751	39,705	88,456		88,456
Cash, End of Year	78,443	38,962	117,405		117,405

Prevent Child Abuse Louisiana
Notes to Financial Statements
June 30, 2004

Note 1-Summary of Accounting Policies

A. Nature and Purpose

Prevent Child Abuse Louisiana (PCAL) is a statewide, volunteer-based organization dedicated to the prevention of child abuse and neglect in all its forms. This mission is carried out through the development, implementation and support of child abuse prevention activities in Louisiana.

PCAL was established in 1986 when the Southeast Louisiana Chapter of Prevent Child Abuse America (formerly the National Committee to Prevent Child Abuse) merged with Parents Anonymous of Louisiana. Originally called the Louisiana Council on Child Abuse, the name was changed in 1998 to one that better identifies its mission. Today, PCAL is recognized as an affiliate of Prevent Child Abuse America.

PCAL is a private, non-profit organization led by a volunteer Board of Directors. Throughout the organization's history, PCAL has garnered funding from private grants, governmental grants, individual and corporate donations. Currently, PCAL has stabilized its funding base at approximately forty percent governmental grants and sixty percent private donations. Donations to PCAL are tax deductible.

PCAL's goals are to develop a statewide prevention network throughout Louisiana, educate the public about the prevalence of child abuse and the Organization's role in child abuse prevention and to provide community-based programs throughout Louisiana. The Organization is headquartered in Baton Rouge with six regional offices located in New Orleans, Lafayette, Lake Charles, Alexandria, Shreveport and Monroe.

B. Method of Accounting

The financial statements of Prevent Child Abuse Louisiana are prepared on the accrual basis recording revenue when earned and expenditures when incurred.

C. Use of Estimates

In preparing financial statements in conformity with generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Prevent Child Abuse Louisiana
Notes to Financial Statements
June 30, 2004

Note 1-Summary of Accounting Policies (Continued)

D. Cash and Cash Equivalents

Cash equivalents are considered to be highly liquid investments with maturities of three months or less for the purpose of statement of financial position presentation. At various times during the year cash and cash equivalents on deposit with one banking institution exceeded the $100,000 insured by the Federal Deposit Insurance Corporation. Management monitors the financial condition of the financial institution on a regular basis, along with their balances in cash and cash equivalents to minimize this potential risk.

E. Income Taxes

No provision is made for income taxes as Prevent Child Abuse Louisiana is a tax exempt, not-for-profit organization under Section 501(c)(3) of the Internal Revenue Code. The organization is not classified as a private foundation.

F. Fixed Assets

Equipment is recorded at cost; or, if donated, at fair market value at date of donation. Depreciation is provided for, principally on a straight-line basis in amounts sufficient to relate the cost of depreciable assets to operations over their estimated useful lives, which range from three to five years.

G. Revenue and Support

All items of revenue and support are stated on the accrual basis, including revenues receivable as reimbursements for incurred costs from government units and other third party payers.

i. Contributions with donor-imposed restrictions that are met in the same accounting period are recorded as unrestricted income at the time of receipt.
ii. Contributions of temporarily restricted long-lived assets are assumed to be temporarily restricted over the specified period of the restriction.

H. Financial Statement Presentation

Under Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*, 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.

Note 1-Summary of Accounting Policies (Continued)

I. Advertising Costs

Advertising costs are expensed as incurred. Total expenses for 2004 and 2003 was $2,395 and $14,445, respectively.

J. Contributed Services

The value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization. The Organization receives more than 1000 volunteer hours per year.

K. Accounts Receivable

The Organization considers accounts receivable to be fully collectible, accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made.

L. Concentration of Credit Risk

Credit receivables have significant concentrations of credit risk in the governmental sector in the Baton Rouge, Louisiana area. At June 30, 2004, the portion of these receivables related to this sector was 100%.

M. Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

Note 2-Functional Allocation of Expenses

The costs of providing the various programs, fund-raising and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and fund-raising activities benefitted.

Note 3-Commitments

Prevent Child Abuse Louisiana had entered into a noncancellable operating lease agreement for office rental at $4,520 per month which expires in November, 2004. Other leases have been entered into for various locations around the state and run through November, 2004. Monthly amounts for these leases total $1,361 per month. Rent expense for these leases were$69,079 and $67,719 for the years 2004 and 2003, respectively.

The future minimum payments for these leases, which expire in November, 2006, are as follows:

2005	$35,605
2006	2,900
	38,505

Note 4-Promises to Give

Prevent Child Abuse Louisiana was named as a ten percent (10%) beneficiary of the James M. Bernhard, Jr. Charitable Remainder Annuity Trust. The Trust was established on December 29, 1993 and has a term of twenty (20) years. The Trust has been initially funded with a donation of stock valued at five million dollars ($5,000,000). Bank One, Louisiana, NA of Baton Rouge has been appointed to administer the Trust.

At the end of the twenty (20) year term, the Trust will terminate and the trustee will distribute to Prevent Child Abuse Louisiana cash in an amount equivalent to ten percent (10%) of the then principal plus income of the Trust. The Trust is inalienable and the Trust instrument is irrevocable.

The Trust agreement contains various restrictions, among which are restrictions regarding funding of the Trust, terms of the Trust, payment of annuity, proration of the annuity amount, distribution to charity, prohibited transactions, successor trustee, governing law, limited power of amendment, and investment of trust assets.

Unconditional promise to give reported as "Temporarily Restricted" on the financial statements at June 30, 2004 and 2003, is as follows:

	2004	**2003**
Receivable in eleven years		
Net present value at 4.9%	$318,070	$290,984

Change in value is due to the change in market value of the assets held in trust.

Note 5-Line of Credit

The Organization has a line of credit with an area bank with a total available credit limit of $75,000 and an interest rate of 4% at June 30, 2004. The amount borrowed at June 30, 2004 and 2003, was $74,527 and $74,979, respectively.

Note 6-Retirement Plan

Prevent Child Abuse Louisiana has a defined contribution retirement plan 401(k) for its employees. It is available to all salaried employees with at least one year of service.

Employees may contribute between 1% - 15% of eligible compensation, not to exceed $10,000 per year. Prevent Child Abuse Louisiana will make matching contributions equal to 25% of the employee's contribution to the plan, subject to 5% of yearly compensation.

Eligible employees may enter the plan on the first day of each month and increase or decrease the amount of their contributions on January 1st, April 1st, July 1st or October 1st.

Employees are always 100% vested in their own pre-tax contribution, and vest in Prevent Child Abuse Louisiana's contributions on the following schedule:

Years of Service	Vested Percentage
Less than 2	0
2	20
3	30
4	40
5	60
6	80
7	100

Retirement plan expense for the years ended June 30, 2004 and 2003, was $10,521 and $13,352, respectively.

HAWTHORN, WAYMOUTH & CARROLL, L.L.P.

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November 12, 2004

Report on Internal Control Over Financial Reporting and on Compliance Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Board of Directors
Prevent Child Abuse Louisiana
Baton Rouge, Louisiana

Members of the Board:

We have audited the financial statements of

Prevent Child Abuse Louisiana
(A Non-Profit Organization)
Baton Rouge, Louisiana

as of and for the year ended June 30, 2004, and have issued our report thereon dated November 12, 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Prevent Child Abuse Louisiana'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 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 caused by error or fraud 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Prevent Child Abuse Louisiana's, financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, federal awarding agencies, pass-through entities, and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties.

Yours truly,

Hawthorn, Waymouth & Carroll L.L.P.