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**Shreveport-Bossier Community Renewal, Inc.
Shreveport, Louisiana**

Consolidated Financial Statements With Auditors' Report

For the Years Ended December 31, 2003 and 2002

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 12-15-04

Shreveport–Bossier Community Renewal, Inc.
Shreveport, Louisiana

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Independent Auditors' Report

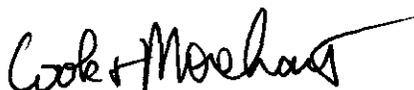
To the Board of Directors
Shreveport-Bossier Community Renewal, Inc.
Shreveport, Louisiana

We have audited the accompanying consolidated statements of financial position of Shreveport-Bossier Community Renewal, Inc. (a nonprofit organization) and its wholly owned subsidiary, as of December 31, 2003 and 2002, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Shreveport-Bossier Community Renewal, Inc.'s management. Our responsibility is to express an opinion on these consolidated 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 audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Shreveport-Bossier Community Renewal, Inc. and its wholly owned subsidiary, as of December 31, 2003 and 2002, and the changes in its net assets and its cash flows 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 July 14, 2004, on our consideration of Shreveport-Bossier Community Renewal, 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.



Cook & Morehart
Certified Public Accountants
July 14, 2004

Shreveport-Bossier Community Renewal, Inc.
Shreveport, Louisiana
Consolidated Statements of Financial Position
December 31, 2003 and 2002

	2003	2002
Assets		
Current assets:		
Cash	\$ 103,367	\$ 261,774
Accounts receivable - contract revenue	20,000	18,000
Accounts receivable - other	524	1,027
Total current assets	123,891	280,801
Fixed assets:		
Land	128,649	128,649
Office furniture	59,969	59,969
Residential houses and improvements	1,120,146	812,358
Vehicles	145,162	145,162
Leasehold improvements	1,572	1,572
Construction in process		9,408
National center - land and building	783,476	783,476
	2,238,974	1,940,594
Less accumulated depreciation	(219,824)	(173,488)
Net fixed assets	2,019,150	1,767,106
Total assets	\$ 2,143,041	\$ 2,047,907
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 15,954	\$ 14,640
Line of credit	149,587	124,993
Current portion of long-term debt	353,009	18,612
Total current liabilities	518,550	158,245
Long-term debt, less current portion	209,000	168,554
Total liabilities	727,550	326,799
Net assets:		
Unrestricted	1,378,373	1,562,648
Temporarily restricted	37,118	158,460
Total net assets	1,415,491	1,721,108
Total liabilities and net assets	\$ 2,143,041	\$ 2,047,907

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

Shreveport-Bossier Community Renewal, Inc.
 Shreveport, Louisiana
 Consolidated Statement of Activities
 For the Year Ended December 31, 2003

	Unrestricted	Temporarily Restricted	Total
Revenues and Other Support:			
Contractual revenue - grants	\$ 195,000	\$	\$ 195,000
Contributions	1,208,060	25,000	1,233,060
Rent Income	15,000		15,000
Interest income	121		121
Net assets released from restrictions:			
Satisfaction of restrictions	146,342	(146,342)	
Total revenues and other support	1,564,523	(121,342)	1,443,181
Expenses and Losses:			
Program services:			
Internal care unit program	727,863		727,863
Internal care unit development	168,169		168,169
Haven House program	66,706		66,706
Renewal Team	154,146		154,146
Scholarship program	4,871		4,871
Mens' Ministry	62,699		62,699
Faith coordinator	104,088		104,088
National center	56,151		56,151
Total program services	1,344,693		1,344,693
Supporting services:			
General and administrative	172,501		172,501
Development and fund raising	231,604		231,604
Total supporting services	404,105		404,105
Total expenses	1,748,798		1,748,798
Change in net assets	(184,275)	(121,342)	(305,617)
Net assets as of beginning of year	1,562,648	158,460	1,721,108
Net assets as of end of year	<u>\$ 1,378,373</u>	<u>\$ 37,118</u>	<u>\$ 1,415,491</u>

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

Shreveport-Bossier Community Renewal, Inc.
Shreveport, Louisiana
Consolidated Statement of Activities
For the Year Ended December 31, 2002

	Unrestricted	Temporarily Restricted	Total
Revenues and Other Support:			
Contractual revenue - grants	\$ 288,584	\$ 65,593	\$ 354,177
Contributions	1,175,479	83,085	1,258,564
Interest income	372		372
Net assets released from restrictions:			
Satisfaction of restrictions	2,085	(2,085)	
Total revenues and other support	<u>1,466,520</u>	<u>146,593</u>	<u>1,613,113</u>
Expenses and Losses:			
Program services:			
Internal care unit program	718,511		718,511
Internal care unit development	183,833		183,833
Haven House program	57,912		57,912
Renewal Team	90,961		90,961
Scholarship program	1,204		1,204
Disciple today	10,561		10,561
Faith coordinator	40,745		40,745
National center	10,501		10,501
Total program services	<u>1,114,228</u>		<u>1,114,228</u>
Supporting services:			
General and administrative	164,618		164,618
Development and fund raising	234,644		234,644
Total supporting services	<u>399,262</u>		<u>399,262</u>
Total expenses	1,513,490		1,513,490
Loss on sale of land	33,750		33,750
Total expenses and losses	<u>1,547,240</u>		<u>1,547,240</u>
Change in net assets	(80,720)	146,593	65,873
Net assets as of beginning of year, restated	<u>1,643,368</u>	<u>11,867</u>	<u>1,655,235</u>
Net assets as of end of year	<u>\$ 1,562,648</u>	<u>\$ 158,460</u>	<u>\$ 1,721,108</u>

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

Shreveport-Bossier Community Renewal, Inc.
Shreveport, Louisiana
Consolidated Statement of Functional Expenses
For the Year Ended December 31, 2003

	Program Services										Total	
	Internal Care Unit	ICU Development	Scholarship Program	Haven House	Renewal Team	Mens' Ministry	Faith Coordinator	National Center	Program Services	General and Administrative		Development & Fund Raising
Personnel	\$ 475,639	\$ 86,193	\$	\$ 52,700	\$ 70,534	\$ 47,117	\$ 88,200	\$	\$	\$ 82,606	\$ 147,177	\$ 1,050,166
Payroll taxes & fringe benefits	46,004	5,224		3,825	376					6,423	8,452	70,304
Professional fees	6,232	40,416		486	26,736					10,682		84,552
Contract labor	43,331	23,371	147	3,593	22,404	8,500		24,000		2,044	231	127,621
Rent	779	548		470	787	188	1,710	9,000		389	754	14,623
Utilities	20,640	692		845	799	254	710			826	1,894	26,460
Repairs and maintenance	15,975	601	800	356	779	374	210			6,578	959	26,632
Interest expense	4,263									16,293		20,556
Telephone	3,276	520		531	765	462	1,533			913	2,987	10,987
Travel and seminars	5,558	2,416		500	861	864		12,615		194	1,409	24,517
Special events	20,563		85	714	3,775	402	250			25,789	15,349	41,138
Security	1,923									1,923		1,923
Business meals	13		223	97	247	566	77			128	5,379	6,730
Supplies and office expense	24,725	3,289	1,116	2,586	15,835	2,134	603	44		8,033	13,421	71,786
Printing and copying	151			90	2,268					2,446	13,284	18,239
Insurance	19,263	4,901		75	5,209	1,838	10,795			26,315	16,910	85,306
Depreciation	39,164							459		6,713		46,336
Other	364		2,500	38	2,671			10,033		1,918	3,388	20,922
Total	\$ 727,863	\$ 168,169	\$ 4,871	\$ 66,706	\$ 154,146	\$ 62,699	\$ 104,088	\$ 56,151	\$ 1,344,693	\$ 172,501	\$ 231,604	\$ 1,748,798

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

Shreveport-Bossier Community Renewal, Inc.
 Shreveport, Louisiana
 Consolidated Statement of Functional Expenses
 For the Year Ended December 31, 2002

	Program Services										Total	
	Internal Care Unit	ICU Development	Scholarship Program	Haven House	Renewal Team	Discipleship Today	Faith Coordinator	National Center	Program Services	General and Administrative		Development & Fund Raising
Personnel	\$ 436,529	\$ 63,070	\$	\$ 42,700	\$ 52,292	\$ 2,192	\$ 36,967	\$	\$ 633,750	\$ 81,219	\$ 122,059	\$ 837,028
Payroll taxes & fringe benefits	45,852	9,218		3,120	7,794		3,262		69,246	24,017	20,921	114,184
Professional fees	819	100,400			475			10,000	111,694	9,787	8,462	129,943
Contract labor	42,548			918	8,750	8,337	197		60,553	6,136	15,000	81,689
Rent	4,419			1,328	1,129				8,337	1,331	3,781	13,449
Utilities	14,279	267		208	208				14,962	208	896	16,066
Repairs and maintenance	15,822	1,806		535	431		105		18,699	12,973	735	32,407
Interest expense	14,587								14,587	6,301		20,888
Telephone	5,584	774		777	485		109		7,729	964	2,803	11,496
Travel and seminars	8,042	383		660	146				9,231	1,051	6,901	17,183
Special events	33,146			2,058	2,192				37,396	887	9,710	47,993
Security	2,514								2,514	360		2,874
Business meals	1,171	671		766	220		18		2,846	578	6,617	10,041
Supplies and office expense	28,467	5,943		4,553	2,537	32	87		41,619	7,293	17,852	66,764
Printing and copying	598				1,446				2,044	1,327	15,276	18,647
Insurance	27,602			289					27,891	808	578	29,277
Depreciation	36,452								36,452	6,256		42,708
Other	80	37	1,204		12,856			501	14,678	3,122	3,053	20,853
Total	\$ 718,511	\$ 183,833	\$ 1,204	\$ 57,912	\$ 90,961	\$ 10,561	\$ 40,745	\$ 10,501	\$ 1,114,228	\$ 164,618	\$ 234,644	\$ 1,513,490

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

Shreveport-Bossier Community Renewal, Inc.
Shreveport, Louisiana
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2003 and 2002

	2003	2002
Operating activities		
Change in net assets	\$ (305,617)	\$ 65,873
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Loss on sale of land		33,750
Depreciation	46,336	43,091
(Increase) decrease in operating assets		
Accounts receivable	(1,497)	(19,027)
Increase (decrease) in operating liabilities		
Accounts payable	1,314	3,651
	(259,464)	127,338
Investing Activities		
Proceeds from sale of land		10,000
Payments for fixed assets	(298,380)	(233,916)
	(298,380)	(223,916)
Financing Activities		
Net increase (decrease) in line of credit	24,594	52,831
Proceeds from long-term debt	389,269	54,172
Payments on long-term debt	(14,426)	(66,594)
	399,437	40,409
Net (decrease) in cash	(158,407)	(56,169)
Cash as of beginning of year	261,774	317,943
Cash as of end of year	\$ 103,367	\$ 261,774

Interest expense paid during the years ended December 31, 2003 and 2002 was \$20,493 and \$19,564, respectively.

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

Shreveport–Bossier Community Renewal, Inc.
Shreveport, Louisiana
Notes to Consolidated Financial Statements
December 31, 2003 and 2002

(1) Summary of Significant Accounting Policies

A. Nature of Activities.

The accompanying consolidated financial statements include the financial position and operating activities of Shreveport–Bossier Community Renewal, Inc. (S–BCR) and its wholly owned subsidiary, Shreveport Property, Inc. All significant interorganization transactions and balances have been eliminated.

Shreveport–Bossier Community Renewal, Inc., (S–BCR), is a private nonprofit organization incorporated under the laws of the State of Louisiana.

Shreveport Property, Inc. is a for profit corporation whose activities consist of owning and operating an office building in downtown Shreveport.

The S–BCR's bylaws indicate that its primary purpose is to rebuild the system of caring relationships necessary to restore a safe, loving, and nurturing community.

The following program services are included in the accompanying financial statements:

Internal Care Unit – A strategy of S–BCR that restores disintegrating neighborhoods by moving leaders to live in the neighborhood to establish Friendship Houses that provide structured programs for children and youth and serve as catalysts to link the neighborhood residents with resources in the community and rebuild the capacity of the neighborhood.

Internal Care Unit Development – Development and coordination of the programs of the Internal Care Units. Planning and utilization of technology to benefit the neighborhoods through innovative applications for the children, youth and adults involved in the S–BCR programs.

Haven House – A program designed to train leaders to make “community” on their block. Leaders meet to reinforce their role as leaders, share resources and develop increased understanding of the larger community and the problems and aspirations of people from all races and faiths.

Renewal Team – Composed of clusters of churches in neighborhoods collaborating in new ways and interacting as a vital part of building relationships through a renewed spirit of cooperation and a desire to minister to the neighborhoods in which they are located.

Discipleship Today – A program designed for discipleship training for leaders who will continue to perpetuate the process of making disciple leaders within the S–BCR community.

(Continued)

Shreveport–Bossier Community Renewal, Inc.
Shreveport, Louisiana
Notes to Consolidated Financial Statements
December 31, 2003 and 2002
(Continued)

Coordinator to the Faith Community – A liaison between S–BCR and the Church community in which they are located. The coordinator increases awareness and involvement of the community through developing networks to support neighborhood programs on a permanent basis.

National Center Development – Program designed to refurbish an office building in downtown Shreveport to have its corporate office along with training facilities for organizations, universities and churches of all religious affiliations to be trained in the concept of community renewal for their communities.

B. Basis of Accounting

The financial statements of S–BCR 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. S–BCR’s net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor–imposed restrictions. Accordingly, the net assets of S–BCR and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to donor–imposed stipulations.

Temporarily restricted net assets – Net assets subject to donor–imposed stipulations that will be met by actions of S–BCR and/or the passage of time.

D. Income Tax Status

S–BCR 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 S–BCR’s tax–exempt purpose is subject to taxation as unrelated business income. S–BCR had no such income for this audit period.

(Continued)

Shreveport–Bossier Community Renewal, Inc.
 Shreveport, Louisiana
 Notes to Consolidated Financial Statements
 December 31, 2003 and 2002
 (Continued)

E. 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.

F. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, S–BCR considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

G. Fixed Assets

Fixed assets are carried at cost or, if donated, at the approximate fair value at the date of donation. S–BCR capitalizes items with an individual cost of \$1,000 or more as fixed assets. Depreciation is computed using the straight–line and accelerated methods over the estimated useful life of the assets as follows:

National Center – land and building	39 years
Office furniture and equipment	5 – 10 years
Residential houses and improvements	10 – 40 years
Vehicles	5 years
Leasehold improvements	10 years

Depreciation expense for the years ended December 31, 2003 and 2002 was \$46,336 and \$43,091, respectively.

H. 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.

(Continued)

Shreveport–Bossier Community Renewal, Inc.
 Shreveport, Louisiana
 Notes to Consolidated Financial Statements
 December 31, 2003 and 2002
 (Continued)

I. Retirement Obligations

The employees of S–BCR are members of the Social Security System. There are no other retirement plans available through S–BCR.

J. Functional Allocation of Expenses

The costs of providing the various programs and 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.

K. Contributed Items

Contributed items are recorded at fair value at the date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support.

(2) Concentrations of Credit Risk

Financial instruments that potentially subject S–BCR to concentrations of credit risk consist principally of temporary cash investments and accounts receivable – contract revenue. S–BCR maintains cash balances at four financial institutions. The accounts at these institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000. At December 31, 2003 and 2002, S–BCR had cash balances that were not secured by FDIC insurance of \$8,553 and \$146,271, respectively. Accounts receivable – contract revenue at December 31, 2003 and 2002 represented one receivable from a state agency and was subsequently collected; therefore, there is no significant credit risk in regards to accounts receivable.

(3) Line of Credit

S–BCR had three lines of credit at local banks with interest rates of 4.25%, 7.25%, and 6.75% at December 31, 2002. S–BCR had two lines of credit at local banks with interest rates of 4.00% and 7.00% at December 31, 2003. The loans are unsecured. Balances at December 31 are as follows:

	2003	2002
Line of credit limit	\$ 150,000	\$ 125,000
Outstanding loan balance	149,587	124,993

(Continued)

Shreveport–Bossier Community Renewal, Inc.
 Shreveport, Louisiana
 Notes to Consolidated Financial Statements
 December 31, 2003 and 2002
 (Continued)

(4) Temporarily Restricted Net Assets

The temporarily restricted net assets represent donations and contractual revenue received for specific purposes which were not expended at December 31, 2003 and 2002.

(5) Contractual Revenue – Grants

During the years ended December 31, 2003 and 2002, S–BCR received revenue under contractual arrangements as follows:

	2003	2002
City of Shreveport	\$ 100,000	\$ 250,000
City of Shreveport – CDBG	-	11,177
City of Bossier City	75,000	75,000
Louisiana Childrens Trust Fund Grant	20,000	18,000
	\$ 195,000	\$ 354,177

The continued existence of these contracts are based on contractual renewals.

(6) Long–Term Debt

S–BCR had the following long–term debt at December 31:

	2003	2002
Mortgage payable to a bank, with an 8.9% interest rate; 119 installments of principal and interest of \$1,141 and one final payment consisting of the principal and accrued interest due on October 25, 2009; secured by a residential house and land.	\$ -	\$ 39,155
Note payable to a bank, with a 6.10% interest rate; 59 payments of \$1,459 of principal and interest, with one final payment due on January 1, 2008; secured by real estate.	-	148,011
Note payable to a financial institution; interest rate of 2.0% on the first 60 payments of \$323 and 4.0% on the remaining 60 payments of \$344; final payment due August, 2013; secured by a residential house and land.	33,745	-

(Continued)

Shreveport–Bossier Community Renewal, Inc.
Shreveport, Louisiana
Notes to Consolidated Financial Statements
December 31, 2003 and 2002
(Continued)

<i>Note payable to a financial institution; interest rate of 4.1%; 180 monthly installments of principal and interest of \$1,080 with final payment due August, 2018; secured by real estate.</i>	142,043	-
<i>Note payable to a bank; interest rate prime plus .25%; interest due monthly with the loan maturing October, 2004; the note is unsecured.</i>	140,000	-
<i>Note payable to a bank; interest rate 2.00% above specified index rate, 6.00% at December 31, 2003; loan maturing March, 2004; secured by real estate.</i>	150,119	-
<i>Note payable to a bank; interest rate 1.00% above specified index rate, 6.50% at December 31, 2003; loan maturing September, 2004; the note is unsecured.</i>	48,437	-
<i>Note payable to a bank; interest rate of 6.00%; 60 monthly installments of principal and interest of \$559; with final payment due August, 2008; secured by real estate.</i>	<u>47,665</u>	<u>-</u>
Total long-term debt	562,009	187,166
Current portion of long-term debt	<u>(353,009)</u>	<u>(18,612)</u>
Long-term portion	<u>\$ 209,000</u>	<u>\$ 168,554</u>

Interest expense incurred for the years ended December 31, 2003 and 2002 was \$20,556 and \$19,564, respectively.

(Continued)

Shreveport-Bossier Community Renewal, Inc.
 Shreveport, Louisiana
 Notes to Consolidated Financial Statements
 December 31, 2003 and 2002
 (Continued)

Approximate maturities of long-term debt at December 31, 2003 are summarized as follows:

<u>Year Ended</u> <u>December 31,</u>	<u>Amount</u>
2004	\$ 353,009
2005	15,066
2006	15,708
2007	16,380
2008	59,311
After 2009	<u>102,535</u>
	<u>\$ 562,009</u>

(7) Leases

S-BCR leases certain office space and equipment under operating leases. Rental costs for these leases for the year ended December 31, 2003 and 2002 was \$16,592 and \$10,088, respectively. Commitments under lease agreements having initial or remaining non-cancellable terms in excess of one year at December 31, 2003 were as follows:

2004	\$ 12,089
2005	<u>2,237</u>
	<u>\$ 14,326</u>

(8) Restatement of Beginning Net Assets

During October, 2001 S-BCR received, as a donation, 100% of the outstanding shares of stock of a for-profit entity Shreveport Property, Inc. The assets of the for-profit entity consist primarily of an office building in downtown Shreveport, Louisiana. The for-profit entity was not consolidated with S-BCR at December 31, 2001. S-BCR has restated its December 31, 2001 net assets to account for the consolidation of the for-profit entity and the receipt of the donation of the stock. As a result of the previously mentioned item, S-BCR's net assets were previously understated by \$776,262. The purchase method was used for the method of accounting for the business combination.

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SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

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
Shreveport–Bossier Community Renewal, Inc.
Shreveport, Louisiana

We have audited the consolidated financial statements of Shreveport–Bossier Community Renewal, Inc. as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated July 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 the Shreveport–Bossier Community Renewal, 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 these 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*. However, we noted certain items which we have reported to management of Shreveport–Bossier Community Renewal, Inc. in a separate management letter dated July 14, 2004.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Shreveport–Bossier Community Renewal, 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. However, we noted certain items which we have reported to management of Shreveport-Bossier Community Renewal, Inc. in a separate management letter dated July 14, 2004.

This report is intended for the information of management, the Board of Directors and the various funding sources of the Organization and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

A handwritten signature in black ink, appearing to read "Cook & Morehart", with a long horizontal flourish extending to the right.

Cook & Morehart
Certified Public Accountants
July 14, 2004

Shreveport–Bossier Community Renewal, Inc.
Shreveport, Louisiana
Schedule for Louisiana Legislative Auditor
December 31, 2003

Summary Schedule of Prior Audit Findings

There were no findings or management letter comments for the audit for the year ended December 31, 2002.

Corrective Action Plan for Current Year Audit Findings

There were no findings for the audit for the year ended December 31, 2003. There were three management letter comments for the year ended December 31, 2003. Management's response to those comments is as follows:

Comment #1: Late Submission of Audit Report

We are making every effort to ensure timely reporting in the future.

Comment #2: Minutes of Board Meetings

Board Meeting minutes are being properly maintained.

Comment #3: Credit Card Receipts

Receipts are processed and attached to the appropriate report(s).

COOK & MOREHART

Certified Public Accountants

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Management Letter

July 14, 2004

Board of Directors
Shreveport-Bossier Community Renewal, Inc.

We have audited the financial statements of Shreveport-Bossier Community Renewal, Inc. (S-BCR), for the year ended December 31, 2003 and 2002, and have issued our report thereon dated July 14, 2004. In planning and performing our audit of the financial statements of Shreveport Community Renewal, 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 the following items were noted involving internal control over financial reporting and other operational matters which appears to merit your attention for consideration to improve the internal control over financial reporting or operations of the Shreveport-Bossier Community Renewal, Inc.

Comment #1: Late Submission of Audit Report

S-BCR did not submit its audit report for the year ended December 31, 2003 with six months of its year end as required by state law.

We recommend that S-BCR make every effort necessary to complete and submit its audit within six months after year end.

Comment #2: Minutes of Board Meetings

During our audit we noted that minutes from all the Board meetings were not readily available for review.

We recommend that minutes from all Board meetings be readily available for inspection.

Comment #3: Credit Card Receipts

During our audit we noted that receipts-invoices for all charges on S-BCR credit cards-charge accounts were not attached to statements to substantiate the various charges.

We recommend that all charges on credit card-charge account statements have adequate invoices-documentation attached before payment is made.

We express sincere thanks to the Shreveport-Bossier Community Renewal, Inc. personnel for the cooperation and assistance provided us during our audit. 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.

A handwritten signature in black ink, appearing to read "Cook & Morehart", with a long horizontal flourish extending to the right.

Cook & Morehart
Certified Public Accountants
July 14, 2004