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NELLIE BYERS TRAINING CENTER, INC.

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

FOR THE YEAR ENDED JUNE 30, 2004

Under provisions of state law, this report is a public document. A copy of this 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 1-26-05

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INDEPENDENT AUDITORS' REPORT

To The Board of Directors
Nellie Byers Training Center, Inc.
Bogalusa, Louisiana

We have audited the accompanying statement of financial position of Nellie Byers Training Center, Inc. (a Louisiana non-profit corporation) as of June 30, 2004, and the related statements of activities, functional expenses, changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the Center'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 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 Nellie Byers Training Center, Inc. as of June 30, 2004, and the results of its activities and its cash flows for the year then ended, in conformity with accepted accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 17, 2004 on our consideration of Nellie Byers Training Center, Inc.'s internal control over financial reporting and 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 made for the purpose of forming an opinion on the basic financial statements of Nellie Byers Training Center, Inc. taken as a whole. The accompanying schedule of state financial assistance is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The information in that schedule has been subjected to the 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.



December 17, 2004

NELLIE BYERS TRAINING CENTER, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2004

ASSETS

Current Assets	
Cash and cash equivalents	\$ 83,378
Grants receivable	107,815
Prepaid expenses	<u>16,183</u>
Total current assets	207,376
Property and Equipment	
Leasehold improvements	9,449
Vehicles	76,078
Furniture and equipment	58,502
Building	635,639
Construction in progress	8,364
Assets under capital lease	<u>6,500</u>
	794,532
Less accumulated depreciation	<u>162,399</u>
	632,133
Land	<u>18,000</u>
	<u>650,133</u>
	<u><u>\$ 857,509</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities	
Accounts payable	\$ 4,038
Current portion of capital lease obligation	<u>1,302</u>
Total current liabilities	5,340
Capital lease obligation, net of current portion	<u>2,650</u>
	<u>7,990</u>

NET ASSETS

Net Assets	
Unrestricted	723,741
Temporarily restricted	<u>125,778</u>
	<u>849,519</u>
	<u><u>\$ 857,509</u></u>

The accompanying notes are an integral part of this statement.

NELLIE BYERS TRAINING CENTER, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2004

	Unrestricted	Temporarily Restricted	Total
Revenues and Other Support			
Government grants and contracts	\$ 202,054	\$ 136,576	\$ 338,630
Program services	23,515	-	23,515
Sales of services	119,416	-	119,416
Donations	17,849	-	17,849
United Way allocation/designation	4,000	-	4,000
Other	1,230	-	1,230
Net assets released from restriction - satisfaction of program restrictions	<u>10,798</u>	<u>(10,798)</u>	<u>-</u>
Total revenues and other support	378,862	125,778	504,640
 Expenses			
Program services	365,117	-	365,117
Supporting services	<u>16,386</u>	<u>-</u>	<u>16,386</u>
Total expenses	<u>381,503</u>	<u>-</u>	<u>381,503</u>
 Change in net assets	 <u>\$ (2,641)</u>	 <u>\$ 125,778</u>	 <u>\$ 123,137</u>

The accompanying notes are an integral part of this statement.

NELLIE BYERS TRAINING CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2004

	<u>Program Services</u>		<u>Supporting Services</u>	<u>Total</u>
	<u>Adult Habilitation</u>	<u>Work Activity</u>	<u>General and Administrative</u>	
Salaries	\$ 95,080	\$ 50,782	\$ 11,894	\$ 157,756
Payroll tax expense	9,726	1,216	1,216	12,158
Workers' compensation insurance	2,628	4,640	292	7,560
Coffee and drinks	-	635	-	635
Contract labor	-	76,313	-	76,313
Depreciation	23,837	5,959	-	29,796
Transportation	9,277	-	-	9,277
Ground maintenance	-	4,502	-	4,502
Insurance	20,540	1,042	-	21,582
Interest	190	-	-	190
Lunch program	-	10,511	-	10,511
Maintenance	1,678	12,384	-	14,062
Miscellaneous	331	2,443	-	2,774
Office expense	505	3,730	-	4,235
Professional fees	6,920	-	-	6,920
Psychologicals	3,155	-	-	3,155
Seminars	-	-	552	552
Supplies	-	7,054	-	7,054
Utilities	7,293	2,746	2,432	12,471
	<u>\$ 181,160</u>	<u>\$ 183,957</u>	<u>\$ 16,386</u>	<u>\$ 381,503</u>

The accompanying notes are an integral part of this statement.

**NELLIE BYERS TRAINING CENTER, INC.
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2004**

Net assets - beginning of year	\$ 726,382
Increase (decrease) in net assets	<u>123,137</u>
Net assets - end of year	<u><u>\$ 849,519</u></u>

The accompanying notes are an integral part of this statement.

**NELLIE BYERS TRAINING CENTER, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2004**

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 123,137
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	29,796
(Gain)/loss on sale of assets	(3,232)
(Increase) decrease in operating assets	
Grants receivable	(103,601)
Prepaid expenses	(5,956)
Increase (decrease) in operating liabilities	
Accounts payable	<u>(29,330)</u>
Net cash provided by (used in) operating activities	10,814
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of property and equipment	(26,451)
Proceeds from sale of fixed assets	<u>7,850</u>
Net cash provided by (used in) investing activities	(18,601)
CASH FLOWS FROM FINANCING ACTIVITIES	
Principal reduction in capital lease obligation	<u>(1,256)</u>
Net increase (decrease) in cash and cash equivalents	(9,043)
Cash and cash equivalents - beginning of year	<u>92,421</u>
Cash and cash equivalents - end of year	<u><u>\$ 83,378</u></u>

The accompanying notes are an integral part of this statement.

NELLIE BYERS TRAINING CENTER, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Nellie Byers Training Center, Inc. (the "Center") was incorporated on July 1, 1975. The Center was organized to promote the general welfare of the mentally retarded, to advise and aid parents in the solution of mentally retarded problems, and to provide work-training services for retarded citizens of Bogalusa, Louisiana.

Donated Assets and Services

The Center records noncash donations as contributions at its estimated fair value at the date of donation.

The Center recognizes donated services, if significant in amount, that create or enhance non-financial assets or that require specialized skills, that are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Property and Equipment

Property and equipment are recorded at cost. Acquisitions of property and equipment are made with unrestricted assets. Depreciation is provided over the estimated useful lives of the respective assets, approximately five to thirty-five years, on a straight-line basis.

Restricted and Unrestricted 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. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restrictions expire 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 the purpose of the restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Functional Expense Allocation

Functional expenses are allocated among various program services, general and administrative, and fundraising categories based on actual use or management's best estimate.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Center's management considers all unrestricted highly liquid debt instruments purchased with an initial maturity of three months or less to be cash equivalents.

NELLIE BYERS TRAINING CENTER, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

Use of Estimates in Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Income Taxes

Under the provisions of the Internal Revenue Code, Section 501(c)(3), and the applicable income tax regulations of Louisiana, the Center is exempt from taxes on income other than unrelated business income. The Center has also been classified as an entity that is not a private foundation in Section 170 (b)(1)(A)(vi). Since the Center had no net unrelated business income during the year ended June 30, 2004, no provision for income tax was made.

Financial Statement Presentation

The Center adopted Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Center 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 depending on the existence and/or nature of any donor restrictions.

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Center; that is, in substance, unconditional. Contributions that are received subject to certain donor stipulations are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily 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.

NOTE B - CONCENTRATIONS OF CREDIT RISK ARISING FROM CASH DEPOSITS IN
EXCESS OF INSURED LIMITS

The Center maintains cash balances at several financial institutions located in Bogalusa, Louisiana. Accounts at these institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000. The Center's cash was not in excess of the FDIC insurance at June 30, 2004.

NELLIE BYERS TRAINING CENTER, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE C - FAIR VALUES OF FINANCIAL INSTRUMENTS

The Center's financial instruments were comprised primarily of cash, cash equivalents, and accounts receivable, and its carrying amount approximated fair value. The following methods and assumptions were used to estimate the fair value of each class of financial instruments:

Cash and cash equivalents - the carrying amount approximates fair value because of the short maturities of those investments.

Grants receivable - the carrying amount approximates fair value because of the short maturities of the instrument.

NOTE D - CURRENT VULNERABILITY DUE TO CONCENTRATIONS

The Center has also adopted SOP 94-6, which requires disclosure of vulnerable concentrations of exposed risk. The Center receives approximately 49% of its support from the Louisiana Department of Health and Hospitals. It is reasonably possible that in the near term this program could cease, which would cause a severe impact on the Center and its ability to continue its operations. The Center does not expect in any way that the support from this governmental agency will be lost in the near term.

NOTE E - PROGRAM GRANTS

The Center was organized to promote the general welfare of the mentally retarded, to foster the development of programs in their behalf, to advise and aid parents in the solution of mentally retarded problems, and to coordinate their efforts and activities. To help meet these objectives, the Center maintains and operates a training facility for persons with mental retardation.

A substantial portion of the Center's support and revenue is derived from restricted grants for the various programs conducted. The grants are approved on a year-to-year basis and generally apply for the period July 1 through June 30. Any unexpended grant funds or unauthorized expenditures charged against the programs must be refunded.

NOTE F - UNITED WAY ALLOCATION/DESIGNATION

The Center participated in the United Way for the Greater New Orleans Area allocation and designation of funds process. To participate in the allocation and designation of funds, certain restrictions were placed on the Center's ability to conduct certain fund raising activities or otherwise solicit contributions. The United Way's allocation/designation to the Center for the year ended June 30, 2004, was \$4,000.

NOTE G - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets of \$125,778 are grants from the Department of Housing and Urban Development (HUD) and State of Louisiana for construction of a parking lot and fence around the facility of the Center. There was \$10,798 of temporarily restricted net assets released from grant restrictions for general operations of the Center for the year ended June 30, 2004. The amount that will be released from grant restrictions for general operations of the Center will be \$125,778 for the year ended June 30, 2005.

NELLIE BYERS TRAINING CENTER, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE H - THIRD PARTY REVENUES

A substantial share of contract revenues for services to clients is derived under state third-party reimbursement programs. These revenues are based, in part, on cost reimbursement principles and are subject to audit and retroactive adjustment by the respective third-party provider. Retroactive adjustments, if any, would not be material to the financial position or results of operations of the Center.

NOTE I -- CAPITAL LEASE

The Center entered into a capital lease for equipment during the year ended June 30, 2004. The following is a schedule of future minimum lease payments required under the lease as of June 30, 2004:

Year ended June 30:

2005	\$1,302
2006	1,356
2007	<u>1,294</u>
	<u>\$ 3,952</u>

SUPPLEMENTARY INFORMATION

NELLIE BYERS TRAINING CENTER, INC.
 SCHEDULE OF FINANCIAL ASSISTANCE
 FOR THE YEAR ENDED JUNE 30, 2004

DESCRIPTION	CFDA NUMBER	GRANT NUMBER	GRANT PERIOD FROM	GRANT PERIOD THROUGH	TOTAL GRANT AWARD	ACCRUED/ DEFERRED REVENUE JUNE 30, 2003	ASSISTANCE RECEIVED DURING YEAR		ACCRUED/ DEFERRED REVENUE JUNE 30, 2004	TOTAL REVENUE RECOGNIZED	EXPENDITURES		TOTAL EXPENDITURES
							GRANTS	OTHER			GRANTS	OTHER	
Louisiana Department of Health and Hospitals Office For Citizens With Developmental Disabilities	-	991000173	7/1/2003	6/30/2004	\$ 191,139	\$ 5,915	197,054	-	-	\$ 191,139	\$ 191,139	-	\$ 191,139
US Department of Housing and Urban Development (HUD) - Community Development Block Grants/Brownsfields Economic Development Initiative	14.246	B03SPLA0281	12/12/2003	8/31/2004	111,769	-	10,798	-	100,971	111,769	-	-	-
					<u>\$ 302,908</u>	<u>\$ 5,915</u>	<u>\$ 207,852</u>	<u>\$ -</u>	<u>\$ 100,971</u>	<u>\$ 302,908</u>	<u>\$ 191,139</u>	<u>\$ -</u>	<u>\$ 191,139</u>

OTHER INDEPENDENT AUDITORS' REPORT

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

To The Board of Directors
Nellie Byers Training Center, Inc.
Bogalusa, Louisiana

We have audited the financial statements of Nellie Byers Training Center, Inc. (a Louisiana corporation, not-for-profit) as of and for the year ended June 30, 2004, and have issued our report thereon dated December 17, 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 whether Nellie Byers Training Center, 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 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 Nellie Byers Training Center, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the board of directors, management, the State of Louisiana Department of Health and Hospitals, the United Way, and the Louisiana Legislative Auditor. This restriction is not intended to limit the distribution of this report, which is a matter of public record.



December 17, 2004

**NELLIE BYERS TRAINING CENTER, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2004**

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unqualified	
Internal control over financial reporting:		
Material weaknesses identified?	_____ yes	X _____ no
Reportable conditions identified?	_____ yes	X _____ none
not considered to be material weaknesses?		reported
Noncompliance material to financial statements noted?	_____ yes	X _____ no

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	Not applicable.
Reportable conditions identified?	Not applicable.
not considered to be material weaknesses?	
Type of auditors' report issued on compliance for major programs:	Not applicable.
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510 (a)?	Not applicable.

Identification of major programs:

CFDA Numbers

Name of Federal Program or Cluster

Not applicable.

Dollar threshold used to distinguish between Type A and Type B programs:	\$300,000
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Auditee qualified as low-risk audit?	N/A
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**NELLIE BYERS TRAINING CENTER, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2004**

**Section II - Internal Control & Compliance
Governmental Auditing Standards
OMB Circular A-133**

Internal Control

<u>Item Number</u>	<u>Agency/Program</u>	<u>Questioned Costs</u>
Not applicable.		

NELLIE BYERS TRAINING CENTER, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2004

Fiscal Year Finding Initially Occurred	Description	Corrective Action Taken (Yes, No, Partially)	Planned Corrective Action/Partial Corrective Action Taken	Additional Explanation
Section I - Compliance and Internal Control Material to the Financial Statements				
No reported findings for the year ended June 30, 2003				
Section II - Internal Control and Compliance Material to Federal Awards				
No reported findings for the year ended June 30, 2003				
Section III - Management Letter				
2002-1	06/30/02	No	Management is researching a new computer system.	The cost of construction and move to the new building exceeded budget and management needs to build up cash reserves to acquire computer system
2002-4	06/30/02	No	Management is researching a new computer system.	The cost of construction and move to the new building exceeded budget and management needs to build up cash reserves to acquire computer system
2002-5	06/30/02	No	Management is researching a new computer system.	The cost of construction and move to the new building exceeded budget and management needs to build up cash reserves to acquire computer system