

BEGINNER'S MIND, INC.
d/b/a/ COMMUNITY RESOURCE
COORDINATORS

JUNE 30, 2001

BATON ROUGE, LOUISIANA

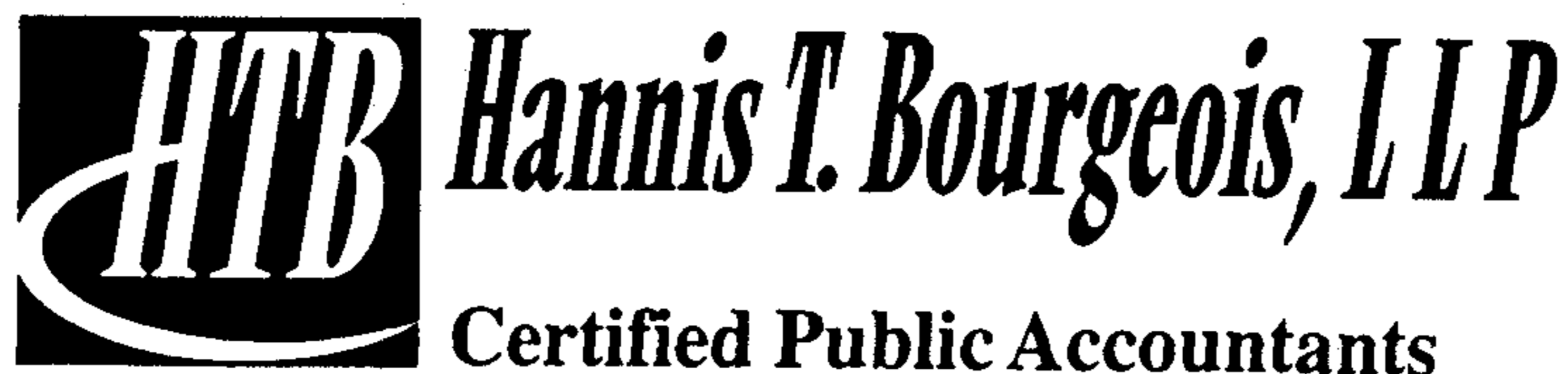
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August 7, 2001

Independent Auditor's Report

To the Board of Directors
Beginner's Mind, Inc.
d/b/a Community Resource Coordinators
Baton Rouge, Louisiana

We have audited the accompanying Statements of Financial Position of Beginner's Mind, Inc. as of June 30, 2001 and 2000, and the related Statements of Activities, Functional Expenses, and Cash Flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and 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 accompanying financial statements referred to above present fairly, in all material respects, the financial position of Beginner's Mind, Inc. as of June 30, 2001 and 2000, 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 August 7, 2001 on our consideration of Beginner's Mind, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

Respectfully submitted,

Hannis T. Bourgeois, LLP

BEGINNER'S MIND, INC.
d/b/a/ COMMUNITY RESOURCE COORDINATORS

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2001 AND 2000

ASSETS

	<u>2001</u>	<u>2000</u>
Current Assets:		
Cash and Cash Equivalents	\$ 66,712	\$ 17,596
Accounts Receivable (Net of Allowance for Bad Debts of \$0 and \$2,000)	51,028	43,150
Other Assets	<u>351</u>	<u>722</u>
Total Current Assets	118,091	61,468
Property and Equipment:		
Office Furniture	2,693	2,693
Equipment	<u>5,418</u>	<u>3,806</u>
	8,111	6,499
Less: Accumulated Depreciation	<u>(2,889)</u>	<u>(2,016)</u>
	5,222	4,483
Other Assets:		
Contract Receivable	<u>90,032</u>	<u>38,992</u>
Total Assets	<u>\$ 213,345</u>	<u>\$ 104,943</u>

LIABILITIES AND NET ASSETS

Current Liabilities:		
Line of Credit	\$ -	\$ 5,000
Accrued Payroll	27,808	24,099
Payroll Taxes Payable	<u>2,917</u>	<u>4,410</u>
Total Current Liabilities	30,725	33,509
Net Assets:		
Unrestricted	<u>182,620</u>	<u>71,434</u>
Total Net Assets	<u>182,620</u>	<u>71,434</u>
Total Liabilities and Net Assets	<u>\$ 213,345</u>	<u>\$ 104,943</u>

The accompanying notes are an integral part of this statement.

BEGINNER'S MIND, INC.
d/b/a/ COMMUNITY RESOURCE COORDINATORS

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2001 AND 2000

	<u>2001</u>	<u>2000</u>
Support and Revenue:		
Department of Health and Hospitals Contract Revenue	\$ 510,400	\$ 379,934
Capital Area Human Services Contract Revenue	49,245	86,142
Medicaid Income	82,875	55,693
Miscellaneous Income	<u>-</u>	<u>288</u>
Total Support and Revenue	642,520	522,057
Expenses:		
Program Services	481,179	447,532
Management and General	<u>50,155</u>	<u>58,527</u>
Total Expenses	<u>531,334</u>	<u>506,059</u>
Increase in Net Assets	111,186	15,998
Net Assets at Beginning of Year	<u>71,434</u>	<u>55,436</u>
Net Assets at End of Year	<u>\$ 182,620</u>	<u>\$ 71,434</u>

The accompanying notes are an integral part of this statement.

BEGINNER'S MIND, INC.
d/b/a/ COMMUNITY RESOURCE COORDINATORS

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2001 AND 2000

	<u>2001</u>	<u>2000</u>
Cash Flows from Operating Activities:		
Increase in Net Assets	\$ 111,186	\$ 15,998
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	1,197	1,291
Loss on Disposal of Assets	890	-
Changes in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	(7,878)	7,897
(Increase) Decrease in Other Assets	371	(596)
(Increase) Decrease in Contract Receivable	(51,040)	(38,992)
Increase (Decrease) in Accrued Payroll	3,709	19,817
Increase (Decrease) in Payroll Taxes Payable	<u>(1,493)</u>	<u>(6,700)</u>
Net Cash Provided by (Used in) Operating Activities	56,942	(1,285)
Cash Flows from Investing Activities:		
Purchases of Equipment	<u>(2,826)</u>	<u>(216)</u>
Net Cash Used in Investing Activities	(2,826)	(216)
Cash Flows from Financing Activities:		
Net Advances (Repayments) on Line of Credit	<u>(5,000)</u>	<u>5,000</u>
Net Cash Provided by (Used in) Financing Activities	<u>(5,000)</u>	<u>5,000</u>
Net Increase in Cash and Cash Equivalents	49,116	3,499
Cash and Cash Equivalents - Beginning of Year	<u>17,596</u>	<u>14,097</u>
Cash and Cash Equivalents - End of Year	<u>\$ 66,712</u>	<u>\$ 17,596</u>

The accompanying notes are an integral part of this statement.

BEGINNER'S MIND, INC.
d/b/a/ COMMUNITY RESOURCE COORDINATORS

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2001

	<u>Program Services</u>			
	<u>Personal Support Coordination</u>	<u>Case Management MR/DD</u>	<u>Case Management Infants & Toddlers</u>	<u>Other</u>
Salaries	\$ 29,205	\$ 284,748	\$ 47,458	\$ 3,650
Payroll Taxes	2,483	24,212	4,035	310
Insurance	1,771	17,268	2,878	221
Employee Benefits	57	555	93	7
Advertising & Promotion	59	580	97	7
Contract Services	-	1,275	210	15
Depreciation	88	859	143	11
Dues and Subscriptions	50	488	81	6
Interest	30	292	49	4
Rent	1,369	13,347	2,225	171
Office Expense	459	4,473	745	57
Copy Machine Expenses	403	3,926	654	50
Penalties	69	677	113	9
Postage	164	1,594	266	20
Legal & Professional	-	-	-	-
Licenses	-	1,029	169	12
Loss on Disposal of Fixed Assets	-	-	-	-
Telephone	852	8,303	1,384	106
Training	45	438	73	6
Travel & Seminars	1,159	11,305	1,884	145
Miscellaneous	15	142	24	2
	<u>\$ 38,278</u>	<u>\$ 375,511</u>	<u>\$ 62,581</u>	<u>\$ 4,809</u>

The accompanying notes are an integral part of this statement.

<u>Total Program Services</u>	<u>Management & General</u>	<u>Total Expenses</u>
\$ 365,061	\$ 32,241	\$ 397,302
31,040	2,699	33,739
22,138	1,925	24,063
712	62	774
743	65	808
1,500	-	1,500
1,101	96	1,197
625	54	679
375	32	407
17,112	1,488	18,600
5,734	499	6,233
5,033	438	5,471
868	75	943
2,044	178	2,222
-	8,320	8,320
1,210	-	1,210
-	890	890
10,645	926	11,571
562	49	611
14,493	-	14,493
<u>183</u>	<u>118</u>	<u>301</u>
<u>\$ 481,179</u>	<u>\$ 50,155</u>	<u>\$ 531,334</u>

BEGINNER'S MIND, INC.
d/b/a/ COMMUNITY RESOURCE COORDINATORS

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2000

	Program Services			
	<u>Personal Support Coordination</u>	<u>Case Management MR/DD</u>	<u>Case Management Infants & Toddlers</u>	<u>Other</u>
Salaries	\$ 51,432	\$ 260,590	\$ 27,431	\$ 3,429
Payroll Taxes	3,647	18,476	1,945	243
Insurance	2,452	12,423	1,308	163
Employee Benefits	23	116	12	2
Advertising & Promotion	47	239	25	3
Contract Services	-	11,161	1,116	124
Depreciation	172	873	92	11
Dues and Subscriptions	49	247	26	3
Interest	28	142	15	2
Rent	2,123	10,755	1,132	142
Office Expense	585	2,962	312	39
Copy Machine Expenses	531	2,692	283	35
Postage	264	1,337	141	18
Legal & Professional	-	-	-	-
Licenses	-	545	54	6
Meals & Entertainment	38	191	20	3
Telephone	1,172	5,940	625	78
Training	47	236	25	3
Travel & Seminars	2,437	12,349	1,300	162
Miscellaneous	133	671	70	9
	\$ 65,180	\$ 341,945	\$ 35,932	\$ 4,475

The accompanying notes are an integral part of this statement.

<u>Total Program Services</u>	<u>Management & General</u>	<u>Total Expenses</u>
\$ 342,882	\$ 41,052	\$ 383,934
24,311	3,005	27,316
16,346	2,020	18,366
153	19	172
314	39	353
12,401	-	12,401
1,148	143	1,291
325	41	366
187	23	210
14,152	1,749	15,901
3,898	480	4,378
3,541	437	3,978
1,760	219	1,979
-	8,160	8,160
605	-	605
252	31	283
7,815	967	8,782
311	38	349
16,248	-	16,248
<u>883</u>	<u>104</u>	<u>987</u>
<u>\$ 447,532</u>	<u>\$ 58,527</u>	<u>\$ 506,059</u>

BEGINNER'S MIND, INC.
d/b/a/ COMMUNITY RESOURCE COORDINATORS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2001 AND 2000

Note 1 - Summary of Significant Accounting Policies -

Nature of Activities

Beginner's Mind, Inc. (the Organization) is a nonprofit organization d/b/a Community Resource Coordinators (CRC). The Organization provides personal support coordination services and case management services to the mentally retarded, developmentally disabled, at risk infants and toddlers, and high need elderly in the community. The Organization provides these services under contract with Capital Area Human Services and the Department of Health and Hospitals. For qualifying participants, services are paid by Medicaid. The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

Basis of Accounting

The Organization prepares its financial statements on the accrual basis of accounting. Accordingly, revenues are recognized when earned and expenses are recognized when incurred.

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 Statement 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, as applicable. The Organization does not have temporarily or permanently restricted net assets at June 30, 2001 and 2000.

Estimates

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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Support and Revenue

All support and revenue are considered available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes, depending on the nature of the restriction. When a restriction expires (that is, when a

stipulated time restriction ends or purpose of 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.

Donated Materials

Donated materials and equipment are reflected as contribution income and expense in the accompanying financial statements at their estimated values at the date of receipt.

Functional Allocation of Expenses

The costs of providing the various programs have been summarized on a functional basis in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the program and supporting services benefitted based on the percentage of salaries in each category.

Cash and Cash Equivalents

For purposes of reporting cash flows, cash equivalents include all highly liquid debt instruments and certificates of deposit with maturities of three months or less when purchased.

Property and Equipment

Property and equipment are recorded at cost. Maintenance and repairs are charged to operations and additions and improvements are capitalized. The cost of property sold or otherwise disposed of and the accumulated depreciation thereon are eliminated from the property and related accumulated depreciation accounts, and any gain or loss is credited or charged to income.

Depreciation is provided by the straight-line method over the estimated useful lives.

Concentration of Revenue

During the year ended June 30, 2001 and 2000, the Organization derived approximately 92% and 83% of its revenue from Medicaid of which 86% and 87% of this income was derived through contract with the Department of Health and Hospitals.

Note 2 - Line of Credit -

At June 30, 2001 the Organization has a line of credit available in the amount of \$10,000 with Union Planters Bank. The line matures on November 15, 2001 and is secured by the continuing personal guarantee of the Director. At June 30, 2000 the Organization had a line of credit available in the amount of \$10,000 which matured on October 15, 2000. As of June 30, 2001 and 2000, the draws outstanding on these lines of credit were \$-0- and \$5,000.

On November 17, 2000, the Organization opened a line of credit in the amount of \$7,000 with Hibernia National Bank. The line matures on November 17, 2001 and is secured by the personal guarantee of the Director. As of June 30, 2001, there were no draws outstanding on this line of credit.

Note 3 - Minimum Lease Commitments -


The following is a schedule by years of future minimum rental payments required under operating leases that have initial or remaining noncancelable lease terms in excess of one year as of June 30, 2001:

Year Ending June 30,	
2002	\$ 15,104
2003	<u>534</u>
	\$ 15,638
	<u><u> </u></u>

Total rental expenses for the year ended June 30, 2001 and 2000 for all operating leases was \$18,600 and \$15,901.

SUPPLEMENTARY INFORMATION

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

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Laura E. Monroe, CPA

August 7, 2001

**A Professional Accounting Corporation*

To the Board of Directors
Beginner's Mind, Inc.
d/b/a Community Resource Coordinators
Baton Rouge, Louisiana

We have audited the financial statements of Beginner's Mind, Inc. as of and for the year ended June 30, 2001 and have issued our report thereon dated August 7, 2001. 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 Beginner's Mind, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Beginner's Mind, 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 Board of Directors, management, the Office of the Louisiana Legislative Auditor and any cognizant agency and should not be used for any other purpose.

Respectfully submitted,

Hannis T. Bourgeois, LLP