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Children Unlimited, Inc.
Financial Statements
For the Year Ended June 30, 2006

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 1-10-07

Children Unlimited, Inc.
For the Year Ended June 30, 2006

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EDWARDS, WADE & PERRY

Certified Public Accountants
A Professional Accounting Corporation
Members: AICPA / Society of LCPA's

Accountants' Report

We have reviewed the accompanying financial statements of Children Unlimited, Inc., a nonprofit organization, as of and for the year ended June 30, 2006, which collectively comprise the Organization's financial statements as listed in the table of contents, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of Children Unlimited, Inc..

A review consists principally of inquiries of the organization's personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Our review was made for the purpose of expressing limited assurance that there are no material modifications that should be made to the financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America. The information included in the accompanying Schedules 1 and 2 is presented only for supplementary analysis purposes. Such information has been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, and we are not aware of any material modifications that should be made thereto. However, we did not audit the information and express no opinion on it.

Edwards, Wade & Perry

Ruston, Louisiana
November 30, 2006

Children Unlimited, Inc.
Statement of Financial Position
As of June 30, 2006

ASSETS

Current assets:

Cash and cash equivalents	\$7,918
Accounts receivable-grants	4,518
Prepaid expenses	<u>2,443</u>
Total current assets	<u>14,879</u>

Noncurrent Assets:

Furniture and equipment, net	<u>6,735</u>
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TOTAL ASSETS

\$21,614

LIABILITIES AND NET ASSETS

Current liabilities:

Accounts payable	\$1,188
Accrued expenses	7,612
Due to related party	<u>185,670</u>
Total current liabilities	<u>194,470</u>

Net assets:

Unrestricted	(172,856)
Temporarily restricted	0
Permanently restricted	<u>0</u>
Total net assets	<u>(172,856)</u>

TOTAL LIABILITIES AND NET ASSETS

\$21,614

See accompanying notes and accountants' report.

Children Unlimited, Inc.
Statement of Activities
For the Year Ended June 30, 2006

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Support and Revenue				
Grant income	\$105,594			\$105,594
Contributions	665			665
Miscellaneous	440			440
TOTAL SUPPORT AND REVENUE	<u>106,699</u>	<u>0</u>	<u>0</u>	<u>106,699</u>
EXPENSES AND LOSSES				
Program services - Children services	157,290			157,290
Support services - General and administrative	22,669			22,669
Bad debt expense	50,194			50,194
TOTAL EXPENSES	<u>230,153</u>	<u>0</u>	<u>0</u>	<u>230,153</u>
Change in net assets	(123,454)	0	0	(123,454)
Net assets as of beginning of year	<u>(49,402)</u>	<u>0</u>	<u>0</u>	<u>(49,402)</u>
Net assets as of end of year	<u>(172,856)</u>	<u>0</u>	<u>0</u>	<u>(172,856)</u>

See accompanying notes and accountants' report.

Children Unlimited, Inc.
Statement of Cash Flows
For the Year Ended June 30, 2006

Cash Flows from Operating Activities	
Receipts from customers and users	\$152,374
Receipts from related party	77,162
Payments to suppliers	(120,656)
Payments to employees	(101,499)
Payments to related party	(5,000)
Net Cash Provided by Operating Activities	<u>2,381</u>
Cash Flows from Noncapital Financing Activities	
None	<u>0</u>
Net Cash Provided (Used) by Noncapital Financing Activities	<u>0</u>
Cash Flows from Capital and Related Financing Activities	
Purchases of capital assets	<u>0</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>0</u>
Cash Flows from Investing Activities	
None	<u>0</u>
Net Cash Provided by Investing Activities	<u>0</u>
Net Increase in Cash and equivalents	2,381
Cash and equivalents, Beginning of Year	<u>5,537</u>
Cash and equivalents, End of Year	<u><u>\$7,918</u></u>
Reconciliation of Operating Income to Net Cash Provided (used) by Operating Activities	
Operating income	(\$123,454)
Depreciation expense	9,390
(Increase) decrease in accounts receivable	45,675
Increase (decrease) in accounts payable	(200)
Increase (decrease) in accrued liabilities	(1,193)
Increase (decrease) in due to related party	72,163
Net Cash Provided by Operating Activities	<u><u>\$2,381</u></u>
Reconciliation of total cash and cash investments:	
Current assets - cash and cash investments	<u>\$7,918</u>
Total cash and cash investments	<u><u>\$7,918</u></u>

See accompanying notes and accountants' report.

Children Unlimited, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2006

	<u>Children Services</u>	<u>Management and General</u>	<u>Total</u>
Automobile expense	\$13,652		\$13,652
Advertising	44		44
Interest expense	7,141		7,141
Insurance	5,650		5,650
Licenses and permits	178		178
Telephone and pagers	2,361		2,361
Postage	132		132
Professional fees	5,115		5,115
Rent	8,130		8,130
Miscellaneous	2,390		2,390
Repairs	60		60
Salaries and wages	101,761		101,761
Taxes	9,140		9,140
Utilities	1,537		1,537
Bad debt expense	50,193		50,193
Management fee allocation		\$13,279	13,279
Depreciation		9,390	9,390
Total expenses before allocation	<u>207,484</u>	<u>22,669</u>	<u>230,153</u>
Allocate Management and General	<u>22,669</u>	<u>(22,669)</u>	<u>0</u>
TOTAL EXPENSES	<u>\$230,153</u>	<u>\$0</u>	<u>\$230,153</u>

See accompanying notes and accountants' report.

Children Unlimited, Inc.
Notes to the Financial Statements
For the Year Ended June 30, 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Children Unlimited, Inc. was established in 1987 and received its tax exempt status as a 501(c)(3) organization in October, 1990, to promote the general welfare of all mentally challenged persons. Its programs are designed to assist and train infant clients within the community. The principal programs consist of temporary care of clients and early intervention. In 2000, Children Unlimited, Inc.'s board (previously named People Unlimited, Inc.) decided to limit the scope of services to those provided to children only. Staff of Children Unlimited, Inc. established two separate corporations to bid on the contracts for services which Children Unlimited, Inc. declined to bid.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Cash Equivalents

Cash equivalents consist of short-term, highly liquid investments which are readily convertible into cash with an initial maturity of three months or less.

Restricted and Unrestricted Revenue and Support

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. Federal grant awards are classified as refundable advances until expended for the purposes of the grants since they are conditional promises to give.

Donated Services

Children Unlimited, Inc. does not receive a significant amount of donated services.

Lease Commitment

Rent expense is recognized on a straight line basis over the term of the lease, which is not a capital lease.

Fixed Assets

Fixed assets are stated at cost. The organization capitalized expenses on property and equipment that have a useful life longer than one year. Depreciation is provided on the straight line method over the estimated useful lives of the assets with respect to major classes of depreciable assets as follows:

Children Unlimited, Inc.
Notes to the Financial Statements
For the Year Ended June 30, 2006

Furniture and fixtures	5	years
Vehicle	5	years
Machinery and equipment	5 - 7	years

Estimates

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

2. CASH AND CASH EQUIVALENTS

At June 30, 2006, the organization has cash and cash equivalents (book balances) totaling \$7,918 as follows:

Demand deposits	\$7,918
Time deposits	<u>0</u>
Total	<u><u>\$7,918</u></u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At June 30, 2006, the organization has \$679 in deposits (collected bank balances). These deposits are secured from risk by \$679 of federal deposit insurance and \$0 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

3. PROPERTY AND EQUIPMENT

Unrestricted - all capitalized land, buildings, or equipment as of June 30, 2006 are unrestricted.

Temporarily restricted - there were no temporarily restricted land, buildings, or equipment as of June 30, 2006.

Permanently restricted - there were no permanently restricted land, buildings, or equipment as of June 30, 2006.

The following is a schedule of additions and deletions for the year ended June 30, 2006:

	<u>Balance</u> <u>6/30/05</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/06</u>
Equipment	\$83,525			\$83,525
Vehicle	110,692			110,692
Less accumulated depreciation	<u>(178,092)</u>	<u>(\$9,390)</u>		<u>(187,482)</u>
Total	<u>\$16,125</u>	<u>(\$9,390)</u>	<u>\$0</u>	<u>\$6,735</u>

Children Unlimited, Inc.
Notes to the Financial Statements
For the Year Ended June 30, 2006

The Organization maintains a threshold level of \$500 or more for capitalizing capital assets.

4. COMPENSATED ABSENCES

Sick leave is earned by full-time employees at the rate of 1.85 hours per pay period. Sick leave may be accrued but when the balance is greater than 48 hours, the Company buys back to excess hours. Personal leave is earned by full-time employees at the rate of 3.08 hours per pay period or 4.62 hours per pay period after 5 years of employment. Personal leave may be accrued but when the balance is greater than 80 hours or 120 hours after 5 years of employment, the Company buys back to excess hours.

Accrued compensated absences consist of unpaid sick leave and personal leave as follows:

Sick leave	\$1,570
Personal leave	<u>1,639</u>
Total	<u>\$3,209</u>

5. FUNCTIONAL EXPENSES

Expenses that can be identified with a specific program and support service are allocated directly according to their natural expense classification. Other expenses that are common to several functions are allocated by various statistical bases.

6. PROGRAMS

The organization's principal programs and primary funding sources are:

Early Intervention - this program's income is derived from the Louisiana Department of Health and Hospitals. This program provides training and therapeutic services to disabled infants, ages 0 to 3 years.

7. TAX-EXEMPT STATUS

The organization is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and, therefore, has no provision for federal income taxes. Contributions to the organization are tax deductible within the limitations prescribed by the Code.

8. RESTRICTIONS ON NET ASSETS

There are no restricted assets.

9. LEASES

There were no capital leases at June 30, 2006. The building and copier are rented on a month to month basis.

Children Unlimited, Inc.
Notes to the Financial Statements
For the Year Ended June 30, 2006

10. SCHEDULE OF REVENUE

	<u>Federal</u>	<u>Local</u>	<u>Total</u>
Children services	\$105,594	\$1,105	\$106,699

11. RELATED PARTY TRANSACTIONS

The following is a summary of the due to related party transaction for the year ended June 30, 2005:

Balance, June 30, 2005	\$113,507
Additions	72,163
Repayments	<u>0</u>
Balance, June 30, 2006	<u>\$185,670</u>

OTHER SUPPLEMENTAL DATA

Children Unlimited, Inc.
Summary of Prior Year Findings
For the Year Ended June 30, 2006

A. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS

None

B. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS

None

C. MANAGEMENT LETTER

None

Children Unlimited, Inc.
 Independent Accountant's Report
 on Applying Agreed-Upon Procedures
 For the Year Ended June 30, 2006

Board of Directors
 Children Unlimited, Inc.
 Ruston, Louisiana

We have performed the procedures included in the *Louisiana Government Audit Guide* and enumerated below, which were agreed to by the management of Children Unlimited, Inc. and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about Children Unlimited, Inc.'s compliance with certain laws and regulations during the year ended June 30, 2006 included in the accompanying *Louisiana Attestation Questionnaire*. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Federal, State, and Local Awards

1. Determine the amount of Federal, state and local award expenditures for the fiscal year, by grant and grant year.

<u>Grant Name</u>	<u>Grant Year</u>	<u>CFDA No.</u>	<u>Federal</u>
Central Financing Office (CFO)	7/1/05-6/30/06	84.181A	\$179,959

2. For each Federal, state, and local award:

- * Randomly select 6 disbursements from each award administered during the period under examination, provided that no more than 30 disbursements in total will be selected.
- * Trace the six disbursements to supporting documentation as to proper amount and payee.
- * Determine if the six disbursements were properly coded to the correct fund and general ledger account.
- * Determine whether the six disbursements received approval from proper authorities.
- * For federal awards, determine whether the disbursements comply with the applicable specific program compliance requirements summarized in the Compliance Supplement (or contained in the grant agreement, if the program is not included in the Compliance Supplement) and for state and local awards, determine whether the disbursements comply with the grant agreement, relating to:
 - * Activities allowed or unallowed
 - * Eligibility
 - * Reporting

All six disbursements were traced to supporting documentation as to proper amount and payee; properly coded to the correct fund and general ledger account; received approval from proper authorities; complied with the applicable specific program compliance requirements and/or grant agreement relating to activities allowed or unallowed, eligibility, and reporting.

3. For the programs selected for testing in item (2) that have been closed out during the period under review, compare the close-out report, when required, with the entity's financial records to determine whether the amounts agree.

No items selected in item (2) were closed out during the period under review.

Meetings

4. Examine evidence indicating that agendas for meetings recorded in the minute book were posted as an open meeting as required by LSA-RS 42:1 through 42:12 (the open meetings law).

Children Unlimited, Inc. is only required to post a notice of each meeting and the accompanying agenda on the door of Children Unlimited, Inc.'s office building. Although management has asserted that such documents were properly posted, we could find no evidence supporting such assertions. Board members include individuals employed in the community. These board members were notified by letter or email concerning meetings.

Comprehensive Budget

5. For all grants exceeding five thousand dollars, determine that each applicable federal, state, or local grantor agency/agencies was provided with a comprehensive budget of those grants that included the purpose and duration, and for state grants included specific goals and objectives and measures of performance.

For all grants exceeding five thousand dollars, each applicable federal or local grantor agency/agencies was provided with a comprehensive budget of those grants that included the purpose and duration.

Prior Comments and Recommendations

6. Our engagement will include a review of any prior-year suggestions, recommendations, and/or comments and will indicate the extent to which such matters have been resolved.

There were no prior-year suggestions, recommendations, and/or comments.

CHILDREN UNLIMITED, INC.
1201 ATKINS ROAD
RUSTON, LA 71270
(318)255-9105

CORRECTIVE ACTION PLAN
For the Year Ended June 30, 2006

Children Unlimited, Inc. has no findings for the year ended June 30, 2006.

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Quasi-public Entities)

Sept. 25, 2006 (Date Transmitted)

Edwards, Wade & Perry, CPAs
206 Reynolds Dr
Suite 62
Ruston, LA 71270 (Auditors)

In connection with your review of our financial statements as of June 30, 2006 and for the period then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulation and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of (date of completion/representation).

Federal, State, and Local Awards

We have detailed for you the amount of Federal, state and local award expenditures for the fiscal year, by grant and grant year.

Yes [] No []

All transactions relating to federal, state, and local grants have been properly recorded within our accounting records and reported to the appropriate state, federal, and grantor officials.

Yes [] No []

The reports filed with federal, state, and local agencies are properly supported by books of original entry and supporting documentation.

Yes [] No []

We have complied with all applicable specific requirements of all federal, state, and local programs we administer, to include matters contained in the OMB Compliance Supplement, matters contained in the grant awards, eligibility requirements, activities allowed and unallowed, and reporting and budget requirements.

Yes [] No []

Open Meetings

Our meetings, as they relate to public funds, have been posted as an open meeting as required by LSA-RS 42:1 through 42:12 (the open meetings law).

Yes [] No [] n/a

Budget

For each federal, state, and local grant we have filed with the appropriate grantor agency a comprehensive budget for those grants that included the purpose and duration, and for state grants included specific goals and objectives and measures of performance

Yes [] No []

Prior Year Comments

We have resolved all prior-year recommendations and/or comments.

Yes [] No []

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the federal, state, and local grants, to include the applicable laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We will also disclose to you, the Legislative Auditor, and the applicable state grantor agency/agencies any known noncompliance which may occur up to the date of your report.

Secretary _____ Date

Treasurer _____ Date

 _____
President 9.21.06 Date