

RECAPTURING THE VISION INTERNATIONAL, INC.

MIAMI, FLORIDA

INDEPENDENT AUDITORS'

**REPORT ON AUDIT OF FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE**

REPORTS ON COMPLIANCE

REPORT ON INTERNAL CONTROLS STRUCTURE

Year Ended March 31, 2005 and 2004

**W. B. Koon & Co.
Certified Public Accountants**

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W.B. Koon & Co.

Certified Public Accountants

540 N.W. 165th Street Road
North Miami Beach, FL 33169
Date: (305) 948-6201
Fax: (305) 949-9290

INDEPENDENT AUDITORS' REPORT

Board of Directors
Recapturing The Vision International, Inc.
Miami, Florida

We have audited the accompanying statement of financial position of Recapturing The Vision International, Inc., (a nonprofit organization) as of March 31, 2005 and 2004, and the related statements of activities, cash flows, and functional expenses for the year then ended. These financial statements are the responsibility of Recapturing The Vision International, Inc.'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 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 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 Recapturing The Vision International, Inc., at March 31, 2005 and 2004, and the changes in 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 our report dated August 3, 2005, on our consideration of Recapturing The Vision International, Inc.'s internal control over financial reporting and our tests of its compliance with certain provision of laws, regulations, contracts, and grants.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental schedule of financial awards for the year ended March 31, 2005, is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profits Organization," and is not a required part of the basic financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the basic financial statement and, in our opinion, is fairly presented in all material respect in relation to the basic financial statement taken as a whole.

North Miami Beach, Florida
August 3, 2005



RECAPTURING THE VISION INTERNATIONAL, INC.
STATEMENT OF FINANCIAL POSITION
March 31.

ASSETS

| | <u>2005</u> | <u>2004</u> |
|-----------------------------|-----------------------------|-----------------------------|
| Cash | \$491,322 | \$669,416 |
| Grants receivable | 169,164 | 150,843 |
| Other receivable | 9,649 | |
| Prepaid expenses | 10,373 | 13,157 |
| Furniture and equipment | 143,057 | 143,057 |
| Accumulated depreciation | (<u>77,111</u>) | (<u>53,531</u>) |
| TOTAL ASSETS | <u>\$746,454</u> | <u>\$922,942</u> |

LIABILITIES AND NET ASSETS

| | | |
|---|-----------------------------|-----------------------------|
| Accounts payable and accrued expenses | \$ <u>11,158</u> | \$ <u>12,692</u> |
| TOTAL LIABILITIES | 11,158 | 12,692 |
| Unrestricted net assets | <u>735,296</u> | <u>910,250</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$746,454</u> | <u>\$922,942</u> |

READ ACCOMPANYING NOTES

STATEMENT OF FUNCTIONAL EXPENSES
Year Ended March 31.

CHANGES IN UNRESTRICTED NET ASSETS

REVENUES AND OTHER SUPPORT:

| | <u>2005</u> | <u>2004</u> |
|---|--------------------|--------------------|
| Support and Revenue | | |
| State of Florida | | |
| Department of Health | \$768,709 | \$995,565 |
| Miscellaneous grants and revenue | 241,420 | 236,587 |
| Contributions | 6,071 | 2,400 |
| In-kind services | <u>185,251</u> | <u>220,799</u> |
| Total Support and Revenue | <u>1,201,451</u> | <u>1,455,239</u> |

FUNCTIONAL EXPENSES:

Program service
Abstinence Education

| | | |
|----------------------------------|---------------|---------------|
| Payroll and benefits | 329,865 | 228,698 |
| Professional fees | 30,566 | 18,576 |
| Contract services | 784 | 12,719 |
| Advertising and Public Relations | 21,907 | 12,422 |
| Office expenses | 13,822 | 15,843 |
| Office supplies | 17,160 | 12,689 |
| Rent | 119,888 | 124,075 |
| Telephone | 16,963 | 15,167 |
| The Vision Academy | 182,611 | 110,203 |
| Travel | 36,348 | 10,264 |
| Printing and postage | 15,126 | 14,930 |
| Insurance | 17,839 | 22,862 |
| In-kind services | 185,252 | 220,799 |
| Equipment rental | 10,002 | 13,110 |
| Program materials | 203,210 | 314,416 |
| Program supplies | 17,612 | 2,900 |
| Program activities | 116,753 | 242,039 |
| Miscellaneous | 17,118 | 177,785 |
| Depreciation | <u>23,579</u> | <u>23,383</u> |

| | | |
|----------------------------------|------------------|------------------|
| Total functional expenses | <u>1,376,405</u> | <u>1,592,880</u> |
|----------------------------------|------------------|------------------|

| | | |
|--|-----------|-----------|
| Increase (Decrease) in net assets | (174,954) | (137,641) |
|--|-----------|-----------|

| | | |
|--------------------------------------|----------------|------------------|
| NET ASSETS, BEGINNING OF YEAR | <u>910,250</u> | <u>1,047,891</u> |
|--------------------------------------|----------------|------------------|

| | | |
|--------------------------------|------------------|------------------|
| NET ASSETS, END OF YEAR | <u>\$735,296</u> | <u>\$910,250</u> |
|--------------------------------|------------------|------------------|

READ ACCOMPANYING NOTES

STATEMENT OF CASH FLOWS
Year Ended March 31.

CASH FLOWS FROM OPERATING ACTIVITIES

| | <u>2005</u> | <u>2004</u> |
|---|-------------------------|-------------------------|
| Changes in net assets | \$(174,954) | \$(137,641) |
| Adjustment to reconcile change in net assets to net cash used by operating activities: | | |
| Depreciation | 23,580 | 23,383 |
| (Increase) decrease in grants receivable | (18,321) | (125,739) |
| Decrease (Increase) in other receivable | (9,649) | 7,000 |
| (Increase) Decrease in prepaid expenses | 2,784 | (897) |
| (Decrease) increase in accounts payable and accrued expenses | (2,086) | (2,086) |
| (Decrease) increase in lease payable | <u>-</u> | <u>(2,168)</u> |
| Total adjustments | (3,140) | (100,507) |
| Net cash provided (used) by operating activities | (178,094) | (238,148) |
| Cash flows used in investing activities: | | |
| Purchase of equipment | <u>-</u> | (12,191) |
| Cash flows used in financing activity: | <u>-</u> | <u>-</u> |
| Net (decrease) increase in Cash | (178,094) | 250,338 |
| Cash Beginning of Year | <u>669,416</u> | <u>919,754</u> |
| Cash End of Year | <u><u>\$491,322</u></u> | <u><u>\$669,416</u></u> |

READ ACCOMPANYING NOTES

NOTES TO FINANCIAL STATEMENTS

1. OPERATIONS

Empowering The Vision, Inc., a Florida not-for-profit corporation, changed its name to Recapturing The Vision International, Inc. on June 26, 2003. Recapturing The Vision International, Inc. is committed to the growth and development of youth through the presentation of an innovative curriculum structure that provides students with interpersonal and life skills training that distinguishes appropriate behaviors and promotes positive self image, this commitment is made through the program **Recapturing the Vision**, and **Vision Academy of Excellence**. Recapturing the Vision and Vision Academy of Excellence focuses on multi-cultural enrichment and activities that serve to enlarge the scope of the students' experience, while working toward building self-esteem improving behavior and providing guidance and counseling.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Financial Accounting Standards (SFAS) No 117, **Financial Statements of Not-For-Profit Organizations** requires the information regarding financial position and activities be reported by the three classes of net assets.

Unrestricted Net Assets are those currently available for use by Recapturing The Vision International, Inc.'s board, and the resources invested in fixed assets. These assets are accounted for internally in the general operating fund.

Temporarily Restricted Net Assets are those received with donor stipulations that limit the use of the donated assets. When stipulated time restrictions expire or purpose restrictions are accomplished, these net assets are reclassified as unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently Restricted Net Assets are those contributed with donor stipulations that they be held in perpetuity with use of income for unrestricted or temporarily restricted purposes.

Support and Expenses

Under SFAS No.116, **Accounting for Contribution Received and Contributions Made**, Recapturing The Vision International, Inc.'s grants and donor restricted contribution are reported as unrestricted support if the grant objectives or donor restrictions are met in the same reporting period.

Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. The Recapturing The Vision International, Inc. reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future period. When a donor 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 activity as net assets released from restrictions.

Expense are recorded when incurred in accordance with accrued basis of accounting

NOTES TO FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents

Cash and cash equivalents consist of cash held in checking and money market accounts and certificates of deposit with maturities of less than 90 days. At year-end and throughout the year, the organization's cash balances were deposited in two banks.

Furniture and Equipment

Represents Recapturing The Vision International, Inc.'s net equity in fixed assets. Assets are stated at cost at date of purchase. Depreciation is provided on a straight-line basis over the estimated useful life of the assets, which is five (5) years.

Accrual Basis

The financial statements of Recapturing The Vision International, Inc. have been prepared on the accrual basis of accounting.

Income Taxes

Recapturing The Vision International, Inc., is exempt from Federal Income taxes under Section 501(c)(3) of the Internal Revenue Code.

3. **Grant Revenue**

Grant revenues relate to grants received that are specifically for program service costs and are reported as unrestricted support because the grant objectives have been met.

Recapturing The Vision International, Inc. programs are funded through Florida Department of Health to provide Abstinence Education to 9-18 year old. Twenty-five schools in Dade and Broward Counties participate in the program.

The Vision Academy of Excellence is an all-female, Alternative Education School of the Miami-Dade County Public Schools system, that have been determined to be "at risk," which makes them eligible for this county wide Title I program. Vision Academy serve students in the 6th, 7th, 8th and 9th grades, through their facilities located in Perrine, Florida. Vision Academy is funded by Miami-Dade County Public Schools, Florida Child, private grants and tuition.

Miscellaneous grants and revenue on the accompanying statement of functional expenses includes:

| | |
|-------------------------------|------------------|
| Miami-Dade County | \$64,690 |
| State of Florida Sprans Grant | 20,646 |
| School Board of Miami-Dade | 89,621 |
| Vision Academy | <u>66,463</u> |
| | <u>\$241,420</u> |

NOTES TO FINANCIAL STATEMENTS

4. **Lease Commitments**

On January 19, 2002 Recapturing The Vision International, Inc. entered into a lease for office space at a base rent of \$4,680 per month. The lease expired December 31, 2004.

5 **MATCHING REQUIREMENT**

Recapturing The Vision International, Inc., grants require, \$.25 to \$.75 per \$1.00 of the contract funds received, as match. The match requirements were exceeded with cash and in-kind matches.

Supplemental Schedule of Federal and State Financial Awards
Year ended March 31, 2005

| | <u>Grant Number</u> | <u>From</u> | <u>To</u> | <u>Revenue Award</u> | <u>Earned</u> |
|-------------------------|-------------------------|-------------|-----------|--------------------------|------------------|
| Major Programs | | | | | |
| State of Florida | | | | | |
| Department of Health | | | | | |
| | 93.558 | | | | |
| | COHKG | 7/01/03 | 6/30/04 | \$125,000 | \$ 46,381 |
| | COHKF | 7/01/03 | 6/30/04 | 100,000 | 37,278 |
| | COHKH** | 7/01/03 | 6/30/04 | 460,000* | 173,778 |
| | COHNL | 7/1/04 | 12/31/04 | 50,000 | 50,000 |
| | COHNN | 7/1/04 | 12/31/04 | 62,500 | 62,500 |
| | COH NK** | 7/1/04 | 12/31/04 | 230,000 * | 230,000 |
| | COHEK | 1/01/05 | 12/31/05 | <u>124,983*</u> | <u>62,492</u> |
| | | | | <u>1,152,483</u> | <u>662,429</u> |
| | 93.235 | | | | |
| | COHMK | 7/1/03 | 9/30/04 | 116,125* | 42,626 |
| | COHOV | 7/1/04 | 6/30/05 | <u>87,094*</u> | <u>63,654</u> |
| | | | | <u>203,219</u> | <u>106,280</u> |
| Total | | | | <u>\$1,355,702</u> | <u>\$768,709</u> |

* Fixed price, fixed fee contract

** Grants and aids appropriation

W.B. Koon & Co.

Certified Public Accountants

540 N.W. 165th Street Road
North Miami Beach, FL 33169
Dade: (305) 948-6201
Fax: (305) 949-9290

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

Board of Directors
Recapturing The Vision International, Inc.
Miami, Florida

We have audited the financial statements of Recapturing The Vision International, Inc. as of and for the year ended March 31, 2005, and have issued our report thereon dated August 3, 2005. We conducted our audit in accordance with generally accepted auditing 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 Recapturing The Vision International, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statements 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 Recapturing The Vision International, 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 provide assurance on the internal control over financial reporting. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable conditions in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that misstatement 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 internal control structure and its operation that we consider to be material weaknesses.

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

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This report is intended for the information of Recapturing The Vision International, Inc., Florida Department of Health and Human Services and other Funding Agencies. This restriction is not intended to limit the distribution of this report, which is a matter of public records.

UBKorn & Co.

North Miami Beach, Florida
August 3, 2005

W.B. Koon & Co.

Certified Public Accountants

540 N.W. 165th Street Road
North Miami Beach, FL 33169
Dade: (305) 948-6201
Fax: (305) 949-9290

INDEPENDENT AUDITORS' REPORT REPORT ON COMPLIANCE AND INTERNAL CONTROL REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL AWARDS PROGRAM AND STATE FINANCIAL ASSISTANCE PROJECT

Board To Directors
Recapturing The Vision International, Inc.
Miami, Florida

Compliance

We have audited the compliance of Recapturing The Vision International, Inc., with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the requirements described in the Executive Office of the Governor's State Projects Compliance Supplement that are applicable to each of its major federal programs and state financial assistance projects for the year ended March 31, 2005. Recapturing The Vision International, Inc.'s, major federal programs and state financial assistance are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Recapturing The Vision International, Inc.'s management. Our responsibility is to express an opinion on Recapturing The Vision International, Inc. compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations; and Chapter 10.650 Rules of the Auditor General. Those standards and OMB Circular A-133 and Chapter 10.650 Rules of the Auditor General require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state financial assistance projects occurred. An audit includes examining, on a test basis, evidence about the Recapturing The Vision International, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Recapturing The Vision International, Inc.'s compliance with those requirements.

In our opinion, Recapturing The Vision International, Inc., complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs and state financial assistance projects for the year ended March 31, 2005.

**REPORT ON COMPLIANCE AND INTERNAL CONTROL REQUIREMENTS
APPLICABLE TO EACH MAJOR FEDERAL AWARDS PROGRAM AND STATE FINANCIAL
ASSISTANCE PROJECT**

Page 2

Internal Control Over Compliance

The management of Recapturing The Vision International, Inc., is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal awards programs and state financial assistance projects. In planning and performing our audit, we considered Recapturing The Vision International, Inc., internal control over compliance with requirements that could have a direct and material effect on a major federal awards program and state financial assistance projects in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and Chapter 10.650, Rules of the Auditor General.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program 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 compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of Recapturing The Vision International, Inc., Florida Department of Health and Human Services and other Funding Agencies. However, this report is a matter of public record and its distribution is not limited.



North Miami Beach, Florida
August 3, 2005

W.B. Koon & Co.

Certified Public Accountants

540 N.W. 185th Street Road
North Miami Beach, FL 33169
Dade: (305) 948-6201
Fax: (305) 949-9290

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO STATE GRANTS AND AIDS APPROPRIATIONS

Board of Directors
Recapturing The Vision International, Inc.
Miami, Florida

We have audited the financial statements of Recapturing The Vision International, Inc., (a nonprofit organization) as of and for the year ended March 31, 2005 and issued our report there on dated August 15, 2005.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and 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.

Compliance with laws, regulations, contracts and grants applicable to Recapturing The Vision International, Inc., is the responsibility of Recapturing The Vision International, Inc.'s management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of Recapturing The Vision International, Inc.'s, compliance with certain provisions of laws, regulations, contracts, and grants applicable to state grants and aids appropriations identified in the schedule of financial awards, pursuant to Section 216.349, Florida Statutes, and Chapter 10.600, Rules of the Auditor General. However, the objective of our audit of the financial statements was not to provide a opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests indicate that, with respect to the items tested, Recapturing The Vision International, Inc., complied, in all material respects with the provisions referred to in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that Recapturing The Vision International, Inc., had not complied, in all material respects, with those provisions.

This report is intended for the information of the Board of Directors, management, and applicable State and Federal agencies, and should not be used for any other purposes. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

North Miami Beach, Florida
August 3, 2005



W.B. Koon & Co.

Certified Public Accountants

540 N.W. 165th Street Road
North Miami Beach, FL 33169
Dade: (305) 948-6201
Fax: (305) 949-9290

INDEPENDENT AUDITOR'S REPORT ON EXAMINATION OF MANAGEMENT'S ASSERTION ABOUT COMPLIANCE WITH SPECIFIED REQUIREMENTS APPLICABLE TO STATE GRANTS AND AIDS APPROPRIATIONS

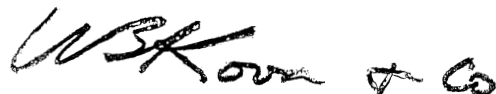
Board of Directors
Recapturing The Vision International, Inc.
Miami, Florida

We have examined management's assertion, included in its representation letter dated August 3, 2005, about Recapturing The Vision International, Inc.'s compliance with the allowable cost requirements established in the grant agreements applicable to state grants and aids appropriations identified in the accompanying Schedule of Federal and State Financial Assistance for the year ended March 31, 2005. As discussed in that representation letter, management is responsible for Recapturing The Vision International, Inc.'s compliance with those requirements. Our responsibility is to express an opinion on management's assertion based on our examination.

Our examination was made in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about Recapturing The Vision International, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on Recapturing The Vision International, Inc.'s compliance with the specified requirements.

In our opinion, management's assertions, that Recapturing The Vision International, Inc. complied, with the aforementioned requirements during the year ended March 31, 2005 is fairly stated, in all material respects.

North Miami Beach, Florida
August 3, 2005



Schedule of Findings And Questioned Costs

For The Year Ended March 31, 2005

Section 1 - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:

UNQUALIFIED

Internal control over financial reporting:

Material weakness(es) identified?

 yes

Xno

Reportable condition(s) identified

not considered to be material weakness?

 yes

Xno

Noncompliance material to financial statements noted?

 yes

Xno

Federal Awards

Internal Control over major programs:

Material weakness(es) identified?

 yes

Xno

Reportable condition(s) identified

not considered to be material weakness?

 yes

Xno

Type of auditors' report issued on compliance
for major programs:

UNQUALIFIED

Any audit findings disclosed that are required to be reported in
accordance with Circular A-133, Section.510(a)?

 yes

Xno

Identification of Major programs:

CFDA Number

Name of Federal Program or Cluster

93.558

Health & Human Services

Dollar threshold used to distinguish
between Type A and Type B programs:

\$ 500,000

Auditee qualified as low-risk auditee?

X Yes

 No

Section 11 - FINANCIAL STATEMENT FINDINGS

NO MATTERS WERE REPORTED

Section 111 - FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

NO MATTERS WERE REPORTED
