

FORE! KIDS FOUNDATION, INC.
d/b/a COMPAQ CLASSIC OF NEW ORLEANS

FINANCIAL STATEMENTS

Years Ended June 30, 2002 and 2001

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 9/25/02

FORE! KIDS FOUNDATION, INC.
d/b/a COMPAQ CLASSIC OF NEW ORLEANS

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Wegmann-Dazet & Co.
A Professional Corporation
Certified Public Accountants

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AICPA Private Companies Practice Section
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors

Fore! Kids Foundation, Inc. d/b/a Compaq Classic of New Orleans

We have audited the accompanying balance sheets of Fore! Kids Foundation, Inc. d/b/a Compaq Classic of New Orleans (the "Foundation," a Louisiana non-profit organization) as of June 30, 2002 and 2001, and the related statements of activities and cash flows for the years then ended. These financial statements and the schedules referred to below are the responsibility of the Foundation'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 financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of June 30, 2002 and 2001, 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 July 25, 2002, on our consideration of the Foundation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contract 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 audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary schedules on pages 9-12 is presented for the purposes of additional analysis and is not a required part of the basic financial statements. This information has been subjected to the auditing procedures applied in the audits 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.

Metairie, Louisiana
July 25, 2002

Wegmann-Dazet & Co.

FORE! KIDS FOUNDATION, INC.
d/b/a COMPAQ CLASSIC OF NEW ORLEANS

BALANCE SHEETS

June 30, 2002 and 2001

	<u>ASSETS</u>	<u>2002</u>	<u>2001</u>
Current Assets			
Cash and cash equivalents		\$ 147,951	\$ 367,431
Accounts receivable		65,709	200,024
Accrued interest		828	10,341
Investments (Note 2)		<u>921,825</u>	<u>1,458,863</u>
Total Current Assets		1,136,313	2,036,659
Equipment, at cost, less accumulated depreciation of \$167,993 in 2002 and \$151,455 in 2001		30,326	38,862
Capital lease, at cost, less accumulated amortization of \$13,092 in 2002 and \$11,242 in 2001		2,775	4,625
Leasehold improvements, at cost, less accumulated amortization of \$278,532 in 2002 and \$277,524 in 2001		<u>1,511</u>	<u>2,519</u>
Total Assets		<u>\$1,170,925</u>	<u>\$2,082,665</u>
<u>LIABILITIES</u>			
Current Liabilities			
Accounts payable and accrued liabilities		\$ 77,469	\$ 230,747
Cash overdraft		-	474,100
Deferred revenue - current portion		-	58,600
Short-term debt		450,000	-
Accrued retirement benefit - current portion		<u>7,200</u>	<u>33,000</u>
Total Current Liabilities		534,669	796,447
Accrued retirement benefits		<u>3,717</u>	<u>10,917</u>
Total Liabilities		538,386	807,364
Net Assets - Unrestricted		<u>632,539</u>	<u>1,275,301</u>
Total Liabilities and Net Assets		<u>\$ 1,170,925</u>	<u>\$2,082,665</u>

See accompanying Notes to Financial Statements.

FORE! KIDS FOUNDATION, INC.
d/b/a COMPAQ CLASSIC OF NEW ORLEANS

STATEMENTS OF ACTIVITIES

Years Ended June 30, 2002 and 2001

	Amount	
	2002	2001
Tournament revenues	\$ 8,853,342	\$7,856,377
Tournament Expenses		
Direct tournament expenses	7,909,388	6,916,828
Indirect tournament expenses	1,190,389	1,056,672
Total tournament expenses	9,099,777	7,973,500
Tournament net loss	(246,435)	(117,123)
Other Income (Expense)		
Investment income	136,382	131,888
Other income	206,982	309,102
Loss on sale of securities	(40,010)	(37,952)
Net Other Income	303,354	403,038
Excess of revenue over expenses before donations	56,919	285,915
Donations to charitable organizations	520,436	672,960
Change in net assets before unrealized loss on investments	(463,517)	(387,045)
Unrealized loss on investments	(179,245)	(141,371)
Change in net assets	(642,762)	(528,416)
Net assets		
Beginning of year	1,275,301	1,803,717
End of year	\$ 632,539	\$1,275,301

See accompanying Notes to Financial Statements.

FORE! KIDS FOUNDATION, INC.
d/b/a COMPAQ CLASSIC OF NEW ORLEANS

STATEMENTS OF CASH FLOWS

Years Ended June 30, 2002 and 2001

	<u>2002</u>	<u>2001</u>
Cash Flows From Operating Activities:		
Changes in net assets	\$ (642,762)	\$ (528,416)
Adjustments to reconcile to net cash from operations:		
Depreciation and amortization	19,397	20,293
(Increase) decrease in:		
Receivables	134,315	(30,560)
Accrued interest	9,513	(3,050)
Increase (decrease) in:		
Accounts payable	(153,278)	(81,482)
Deferred revenue	(58,600)	(26,400)
Accrued retirement benefits	<u>(33,000)</u>	<u>(140,997)</u>
Net cash used by operating activities	<u>(724,415)</u>	<u>(790,612)</u>
Cash Flows From Investing Activities:		
Purchases of equipment	(8,003)	(21,357)
Sale (purchase) of investments, net	<u>537,038</u>	<u>259,467</u>
Net cash provided by investing activities	<u>529,035</u>	<u>238,110</u>
Cash Flows From Financing Activities:		
Advances short term debt	<u>450,000</u>	<u>-</u>
Net cash provided by financing activities	450,000	-
Net increase (decrease) in cash	254,620	(552,502)
Cash at beginning of year	<u>(106,669)</u>	<u>445,833</u>
End of year		
Cash and cash equivalents	<u>\$ 147,951</u>	<u>\$ 367,431</u>
Cash overdraft	<u>-</u>	<u>(474,100)</u>
	<u>\$ 147,951</u>	<u>\$ (106,669)</u>

See accompanying Notes to Financial Statements.

FORE! KIDS FOUNDATION, INC.
d/b/a COMPAQ CLASSIC OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS

Years Ended June 30, 2002 and 2001

1) Nature of operations

The Fore! Kids Foundation, Inc. (the Foundation) was incorporated on September 20, 1990 under the laws of the State of Louisiana as a non-profit corporation and does business as the Compaq Classic of New Orleans. Prior to November 21, 2001, the Foundation was known as The Classic Foundation, Inc. The primary purpose of the Foundation is the promotion of social welfare for the community of New Orleans by promoting, managing and sponsoring an annual PGA TOUR golf tournament. The tournament is sponsored under a written agreement with PGA TOUR, which details the terms and conditions of the tournament, prizes to professionals, the financial obligations and general division of duties of the parties.

2) Summary of significant accounting policies

The significant accounting policies followed by the Foundation are summarized as follows:

(a) Accrual basis

The financial statements of the Foundation have been prepared on the accrual basis of accounting.

(b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of 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.

(c) Classification of net assets

Financial Accounting Standards Board Statement No. 117 entitled Financial Statements for Not-for-Profit Organizations requires that net assets and changes in net assets be reported for three classifications - permanently restricted, temporarily restricted and unrestricted - based on the existence or absence of donor imposed restrictions of these assets to a particular purpose. As the Foundation has a single purpose - the operation of the annual golf tournament and the donation of the proceeds thereof to charitable organizations - all net assets are classified as unrestricted.

FORE! KIDS FOUNDATION, INC.
d/b/a COMPAQ CLASSIC OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS

Years Ended June 30, 2002 and 2001

2) Summary of significant accounting policies (continued)

(d) Cash and cash equivalents

Cash and cash equivalents include cash and highly liquid marketable securities with original maturities of 90 days or less.

(e) Equipment and leasehold improvements

Property and equipment, including equipment purchased under a capital lease, are stated at cost, less accumulated depreciation. Depreciation is computed over the estimated useful lives of the assets, using the modified accelerated cost recovery system, which approximates the 200% declining balance method of depreciation.

Additions, improvements and expenditures for maintenance that add materially to productive capacity or extend the life of an asset are capitalized. Other expenditures for maintenance are charged to operations in the year incurred.

Leasehold improvements consist of office renovations, construction of a new parking lot and substantial improvements made to an existing parking lot at English Turn for the Foundation's use during the tournament. Amortization is calculated on a straight-line basis over the remaining life of the Foundation's lease with English Turn (see Note 5).

(f) Investments

FASB Statement No. 124 entitled Accounting for Certain Investments Held by Not-for-Profit Organizations requires investments to be carried at fair value. At June 30, 2002 and 2001, \$921,825 and \$1,458,863 was invested in various equity securities and long-term certificates of deposit, respectively.

(g) Contributed services

Members of the tournament's executive committee and other volunteers have made significant contributions of their time to assist in the tournament's operation and related charitable programs. The value of this contributed time is not recorded in these financial statements because it is not susceptible to objective measurement or valuation.

The Foundation also offers various rights and services during the tournament to several of its suppliers in return for services and products provided by these suppliers such as use of rental cars, rental of equipment, airplane tickets, catering services, and other services and products. These non-cash trades are recorded at the value of the service given up by the Foundation and totaled approximately \$670,230 and \$405,000 during 2002 and 2001, respectively.

FORE! KIDS FOUNDATION, INC.
d/b/a COMPAQ CLASSIC OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS

Years Ended June 30, 2002 and 2001

2) Summary of significant accounting policies (continued)

(h) Agency Funds Payable

In accordance with Statement of Financial Accounting Standards No.136, funds that are designated to the Foundation's charities are recorded as funds payable to charities. At June 30, 2002 and 2001, the Foundation had \$0 in funds payable to charities.

3) Concentration of credit risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and investments. The Company at times has cash on deposit at financial institutions that is in excess of federally insured limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000.

The Company has investment accounts that contain cash and securities. Balances are insured up to \$500,000 with a limit of \$100,000 for cash, by the Securities Investor Protection Corporation (SPIC).

4) Tournament income

The Foundation's primary source of revenue is the sale of tournament sponsorships and other rights. The sponsorship agreement with Compaq calls for, among other things, an annual sponsorship fee, guarantee of the purchase of a specified number of advertising units from the networks broadcasting the Tournament, and the right to have the Compaq name included in the tournament name. Payments on behalf of Compaq were made to the Foundation totaling \$2,400,000 and \$2,100,000 for the years ended June 30, 2002 and 2001, respectively.

5) Donations

The Foundation makes donations to local and children's charities based on requests received during the year. During 2002, the Foundation donated \$520,436 to these charities, of which \$94,214 were donations of tickets and other tournament packages which were raffled by the requesting organizations. The proceeds of the raffles were donated to charitable organizations. In addition to these donations, several sponsors of the Foundation contributed \$79,000 directly to various charities on behalf of the Foundation; included in this amount is a \$25,000 donation to the Word Golf Village, a \$30,000 donation by Mastercard and a \$24,000 donation by Bank of America to various charities.

6) Agency transactions

The Foundation, serving as an agent capacity, receives funds from various charity golf tournaments and other events throughout the year. Those funds are then distributed to the appropriate charity. The total amount received during 2002 was approximately \$394,022 of which \$312,794 was distributed to the various charities.

FORE! KIDS FOUNDATION, INC.
d/b/a COMPAQ CLASSIC OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS

Years Ended June 30, 2002 and 2001

7) Short-term debt

Short-term debt consist of the following at June 30, 2002:

Note payable to a bank, interest at 7%, payable with accrued interest at maturity, on August 28, 2002.	<u>\$450,000</u>
	<u>\$450,000</u>

8) Leases

The Foundation leases office space under a noncancellable operating lease which expires in June 2003.

The Foundation leases the golf course facilities of the English Turn Golf & Country Club under an agreement calling for annual rent of varying amounts and other considerations. The original agreement extended through the year 2000; however, the Foundation entered into an agreement in 2001 which grants the Foundation the option to extend the agreement through the year 2004 at the discretion of the Foundation.

The following is a schedule of future minimum lease payments for all noncancellable operating leases payable over the remaining lives of the leases:

<u>Year Ending June 30,</u>	
2003	<u>\$230,700</u>
Total	<u>\$230,700</u>

9) Accrued retirement benefits

The Foundation has granted a former employee a retirement package which includes an obligation to pay a monthly sum of \$801 until death. This obligation has been estimated based on the life expectancy of the retiree, discounted at 8% to the present value of the estimated stream of payments. Interest is being accreted over the expected life of the retiree.

10) Income taxes

No provision for Federal and state income taxes has been reflected in the accompanying financial statements because the Foundation is exempt from income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code.

11) Advertising

The Foundation expenses advertising as incurred. Advertising expense was \$876,747 and \$448,205 for the years ended June 30, 2002 and 2001.

FORE! KIDS FOUNDATION, INC.
d/b/a COMPAQ CLASSIC OF NEW ORLEANS

SUPPLEMENTARY INFORMATION - TOURNAMENT REVENUE

Years Ended June 30, 2002 and 2001

	Amount	
	2002	2001
Television rights	\$2,674,500	\$2,372,500
Sponsorship sales	1,339,308	1,274,828
Sales of other rights	2,079,400	1,736,750
Skybox sales	862,250	938,922
Peninsula Villa	135,250	168,000
Monday - Pro Am	133,500	126,412
Ticket sales	109,898	138,287
PGA TOUR Charity income	130,000	132,257
Corporate tent sponsors	27,500	88,053
Program/pairing sheet advertising	498,269	247,616
Sponsor pavilion sales and rights	95,357	70,293
Corporate expo income	68,500	49,000
Outside concessions	59,603	56,436
Parking income	47,785	58,805
Special events income	292,205	200,915
Junior golf income	37,797	20,130
Uniform income	40,741	42,970
Bobby Jones Saturday Series	78,000	83,250
Aquarium Event income	20,000	20,250
Valet parking pass income	5,600	8,800
Holiday package for income	25,725	21,313
Entry fee for professionals	505	590
Tour Club	69,600	-
Eagle Sponsor	22,049	-
	<u>\$8,853,342</u>	<u>\$7,856,377</u>
Total Tournament Revenue	<u>\$8,853,342</u>	<u>\$7,856,377</u>

FORE! KIDS FOUNDATION, INC.
d/b/a COMPAQ CLASSIC OF NEW ORLEANS

SUPPLEMENTARY INFORMATION - DIRECT TOURNAMENT EXPENSES

Years Ended June 30, 2002 and 2001

	<u>Amount</u>	
	<u>2002</u>	<u>2001</u>
Prizes to professionals	\$4,500,000	\$4,000,000
Publicity and advertising	876,747	448,205
Skybox expense	431,838	559,877
Professional players expense	193,848	142,390
Champion club expense	105,758	95,608
Golf course rental	125,000	120,000
Course improvements	63,080	54,015
Sponsorship pavilion expense	106,447	106,103
Equipment rental and storage	151,242	116,663
Sponsorship sales expense	20,952	23,898
Peninsula Villa expense	88,878	77,347
Badges/ticket sales expense	80,853	110,036
Civic patron expense	78,712	55,807
Parking	126,205	98,740
Pro-amateur expense:		
Wednesday tournament	103,307	136,457
Monday tournament	54,920	57,217
City police and security	79,011	67,263
Tournament signs	22,435	43,136
Junior clinic	2,223	1,000
Temporary electrical service	45,999	47,369
Supplies - golf course	26,435	21,879
Sanitation expense	40,250	41,150
Program and paring sheet production expense	-	40,173
Tournament office expense	27,329	1,056
Grounds and clubhouse expense	66,225	70,997
Corporate sponsor tents	8,220	34,144
Special events expense	131,979	74,956
Junior golf expense	30,998	30,645
Island Club expense	29,411	16,460
Corporate expo expense	26,834	35,776
Volunteer expense	25,199	25,419
Caddy expense	3,082	5,319
Courtesy cars	2,872	5,377
Scoring expense	12,012	8,559
Nursery expense	2,056	1,831
Bobby Jones Saturday Series expense	60,030	74,510
Communications expense	6,615	2,222
Uniform expense	58,381	64,634
Entry fee paid to PGA Tour	505	590
Tour Club	47,692	-
Compaq	45,808	-
	<u>45,808</u>	<u>-</u>
 Total Direct Tournament Expenses	 <u>\$7,909,388</u>	 <u>\$6,916,828</u>

FORE! KIDS FOUNDATION, INC.
d/b/a COMPAQ CLASSIC OF NEW ORLEANS

SUPPLEMENTARY INFORMATION - INDIRECT TOURNAMENT EXPENSES

Years Ended June 30, 2002 and 2001

	Amount	
	2002	2001
Salaries and benefits	\$ 638,326	\$ 553,631
Office expenses	36,632	25,693
Professional fees	21,187	35,853
Insurance	122,984	116,155
Miscellaneous	23,822	40,617
Other travel and entertainment	51,191	12,090
Taxes	40,265	41,139
Executive committee expense	16,034	21,871
Executive director travel and promotion	14,380	13,699
Depreciation and amortization	19,397	20,293
Dues and subscriptions	6,859	5,195
Postage	18,877	25,376
Printing	21,393	24,188
Rent	67,411	61,436
Telephone	71,107	47,179
Bank service charges	20,524	12,257
Total Indirect Tournament Expenses	<u>\$1,190,389</u>	<u>\$1,056,672</u>

FORE! KIDS FOUNDATION, INC.
d/b/a COMPAQ CLASSIC OF NEW ORLEANS

SUPPLEMENTARY INFORMATION - CHARITABLE CONTRIBUTIONS

Year Ended June 30, 2002

	<u>Amount</u>
3 rd District Kiwanis	\$ 300
American Red Cross	1,500
Archdiocese of Greater New Orleans	4,450
Big Brothers/Big Sisters	5,000
Boys Hope/Girls Hope	25,000
Building Blocks Day Care	2,000
Catholic Charities	4,000
Charity Hospital Reading Program	1,000
Children's Hospital	50,000
Colin Hedrick	200
Council on Alcohol and Drug Abuse	15,000
Country Club of Louisiana	2,500
Crescent Academy	5,000
Crohn's and Colitis Fund	4,000
E. St. Tammany Rainbow Children's Center	2,000
Elmwood Fitness Center	325
Families of S.M.A.	5,000
Family Services of Greater New Orleans	7,300
Girl Scouts Council	5,000
Holy Rosary School	18,000
Hope Haven	10,000
Jefferson Community School	5,000
Jefferson Dollars/Scholars	7,500
Jewish Family Services	2,500
Juvenile Diabetes	24,000
K-BAR-B Youth Ranch	5,000
Lamarque	1,000
Leukemia and Lymphoma	5,000
Louisiana Children's Museum	14,000
LSU Health Science Center	5,000
LSUMC Children's Fund	5,000
MAKE-A-WISH Foundation	11,000
Methodist Home	7,000
Navy Ball Fund	200
New Orleans Speech	6,750
PGA Tour Charities, Inc.	25,000
Raintree Services	7,000
Seasons	4,000
Simmons-Fontanna	1,000
St. Elizabeth's Guild	500
St. Michael's School	32,000
STAIR Program	2,500
Summerbridge	1,000
Tiger Athletic Foundation	20,000
Tulane Athletics	600
United Cerebral Palsy	7,000
United Way	26,000
VOA Lighthouse	5,000
Volunteers of America	98,611
Young Life	<u>23,700</u>
 Total Charitable Contributions	 <u>\$520,436</u>

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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
Fore! Kids Foundation, Inc. d/b/a Compaq Classic of New Orleans

We have audited the financial statements of Fore! Kids Foundation, Inc. d/b/a Compaq Classic of New Orleans (the "Foundation"), a Louisiana nonprofit organization as of and for the year ended June 30, 2002, and have issued our report thereon dated July 25, 2002. 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 Foundation'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 the Foundation'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 solely for the information and use of the audit committee, management, others within the organization and the Louisiana Legislative Auditor Office and is not intended to be and should not be used by anyone other than these specified parties.

Wegmann-Dazet & Co.

Metairie, Louisiana
July 25, 2002

FORE! KIDS FOUNDATION, INC.
d/b/a COMPAQ CLASSIC OF NEW ORLEANS

SCHEDULE OF FINDINGS

June 30, 2002

Section I Summary of Auditors' Report

A) Financial Statements

Type of auditors' report issued: Unqualified

Internal Control over financial reporting:

- | | | |
|--|-----------|-----------------|
| • Material weakness(es) identified | _____ Yes | <u> X </u> No |
| • Reportable condition(s) identified that are not considered to be material weakness | _____ Yes | <u> X </u> No |
| • Noncompliance material to financial statements noted? | _____ Yes | <u> X </u> No |

B) Federal Awards

For the year ended June 30, 2002, Fore! Kids Foundation, Inc., d/b/a Compaq Classic of New Orleans was not subject to OMB Circular A-133 Audits of States, Local Government and Non-Profit Organizations.

Section II Financial Statement Findings

There were no financial statement findings required to be reported for the year ended June 30, 2002.

Section III Federal Award Findings and Questioned Costs

Not applicable

REPORTS BY MANAGEMENT

FORE! KIDS FOUNDATION, INC.
d/b/a COMPAQ CLASSIC OF NEW ORLEANS

SCHEDULE OF PRIOR YEAR FINDINGS

June 30, 2002

Section I Internal Control and Compliance Material to the General Purpose Financial Statements

For the year ended June 30, 2001, there were no internal control or compliance issues reported or noted.

Section II Internal Control and Compliance Material to Federal Awards

For the year ended June 30, 2001 Fore! Kids Foundation, Inc. d/b/a Compaq Classic of New Orleans was not subject to OMB A-133, Audits of State, Local Government and Non-Profit Organizations.

Section III Management Letter

A management letter was not issued in connection with the audit of the year ended June 30, 2001.

FORE! KIDS FOUNDATION, INC.
d/b/a COMPAQ CLASSIC OF NEW ORLEANS

MANAGEMENT'S CORRECTIVE ACTION PLAN

June 30, 2002

Section I Internal Control and Compliance Material to the General Purpose Financial Statements

For the year ended June 30, 2002 there were no internal control or compliance issues reported or noted.

Section II Internal Control and Compliance Material to Federal Awards

For the year ended June 30, 2002 Fore! Kids Foundation, Inc., d/b/a Compaq Classic of New Orleans was not subject to OMB Circular A-133, Audits of States, Local Government and Non-Profit Organizations.

Section III Management Letter

A management letter was not issued in connection with the audit of the year ended June 30, 2002.