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**SOCIALIZATION SERVICES, INC.  
SHREVEPORT, LOUISIANA**

**REPORT OF EXAMINATION OF FINANCIAL STATEMENTS  
INTERNAL CONTROL AND COMPLIANCE**

**JUNE 30, 2004**

**JERRY L. WHITE  
CERTIFIED PUBLIC ACCOUNTANT  
1101 FROST HOLLOW DRIVE  
DESOTO, TEXAS 75115  
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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 2/2/05

SOCIALIZATION SERVICES, INC.  
SHREVEPORT, LOUISIANA

REPORT OF EXAMINATION OF FINANCIAL STATEMENTS  
INTERNAL CONTROL AND COMPLIANCE  
JUNE 30, 2004

TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITOR'S REPORT	-2-
FINANCIAL STATEMENTS:	
Statement of Financial Position - All Fund Types and Accounts Groups	-4-
Combined Statement of Activity	-5-
Statement of Cash Flows	-6-
Notes to Financial Statements	-7-
SUPPLEMENTARY INFORMATION:	
Combined Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP Basis) and Actual - Elderly Affairs Fund, Education Fund, and Health Fund	-14-
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	-16-
MANAGEMENT LETTER COMMENTS	-18-
MANAGEMENT CORRECTIVE ACTION PLAN REPORT	-19-
SUMMARY OF PRIOR YEAR FINDINGS	-20-

**JERRY L. WHITE**  
Certified Public Accountant

1101 Frost Hollow Drive  
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INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Socialization Services, Inc.  
Shreveport, Louisiana

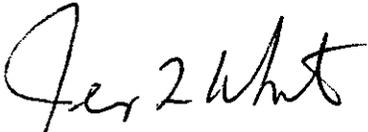
I have audited the accompanying statement of financial position of Socialization Services, Inc., a non-profit corporation, as of June 30, 2004, and the related statement of activities and cash flows for the year then ended, as listed in the table of contents. These financial statements are the responsibility of the Socialization's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my 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 I 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 by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Socialization Services, Inc., as of June 30 2004, and the results of its operations and changes in its 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*, I have also issued my report dated December 22, 2004, on my consideration of Socialization Services, Inc.'s internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

The accompanying financial information listed as supplementary financial information in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit the financial statements and, in my opinion, is fairly stated in all material respects, in relation to the financial statements as a whole.

  
JERRY L. WHITE  
Certified Public Accountant

December 22, 2004

SOCIALIZATION SERVICES, INC.  
 SHREVEPORT, LOUISIANA  
 ALL FUND TYPES AND ACCOUNT GROUPS  
 STATEMENT OF FINANCIAL POSITION  
 For the Fiscal Year Ended June 30, 2004

	Elderly Affairs Grant Fund	Health Fund	LSU - Medical Health Fund	Building Fund	Special Upkeep Building Fund	Education Fund
<b>ASSETS</b>						
Cash	192	8,760	73,188	1,165	1,004	133
Grant Receivable						
Accounts Receivable (3)				6,100		
Furniture and Equipment						
Automobiles						
Land						
Building						
Amt to be provided for retirement of general long-term debt (5)						
<b>TOTAL ASSETS</b>	<u>192</u>	<u>8,760</u>	<u>73,188</u>	<u>7,265</u>	<u>1,004</u>	<u>133</u>
<b>LIABILITIES AND FUND EQUITY</b>						
<b>Liabilities:</b>						
Security Deposit				1,550		
Accounts Payable		8,700				1,001
Taxes Payable						
Loan Payable						
<b>Total Liabilities</b>	<u>-</u>	<u>8,700</u>	<u>-</u>	<u>1,550</u>	<u>-</u>	<u>1,001</u>
<b>Fund Equity:</b>						
Investment in General Fixed Assets						
Fund Balance:						
Unreserved	192	60	73,188	5,715	1,004	(868)
<b>Total Fund Equity</b>	<u>192</u>	<u>60</u>	<u>73,188</u>	<u>5,715</u>	<u>1,004</u>	<u>(868)</u>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<u>192</u>	<u>8,760</u>	<u>73,188</u>	<u>7,265</u>	<u>1,004</u>	<u>133</u>

**The accompanying notes are an integral part of this statement**

General Fund	Account Groups		Total (Memorandum Only)	2003 Total
	General Fixed Assets	General Long-Term Debt		
2,110			86,419	110,024
4,733			4,733	-
			6,100	5,515
	32,050		32,050	32,050
	15,267		15,267	15,267
	75,555		75,555	75,555
	124,445		124,445	124,445
<u>6,843</u>	<u>247,317</u>		<u>344,569</u>	<u>362,856</u>
5,100			1,550	1,550
			14,801	434
				-
<u>5,100</u>			<u>16,351</u>	<u>1,984</u>
	247,317		247,317	247,317
<u>1,743</u>			<u>81,034</u>	<u>113,555</u>
<u>1,743</u>	<u>247,317</u>		<u>328,351</u>	<u>360,872</u>
<u>6,843</u>	<u>247,317</u>		<u>344,702</u>	<u>362,856</u>

SOCIALIZATION SERVICES, INC.  
SHREVEPORT, LOUISIANA

COMBINED STATEMENT OF ACTIVITY  
For the Fiscal Year Ended June 30, 2004

	Elderly Affairs Grant Fund	Health Fund	LSU - Medical Health Fund	Building Fund	Special Upkeep Building Fund	Education Fund	General Fund	Total (Memorandum Only)	2003 Total
<b>REVENUES:</b>									
Intergovernmental	239,205	345,035	107,500		5,510	108,368	52,223	857,841	481,629
Interest income			24				5	29	46
Rental Income				23,350				23,350	25,150
Donations									
Other									-
<b>TOTAL REVENUES</b>	<b>239,205</b>	<b>345,035</b>	<b>107,524</b>	<b>23,350</b>	<b>5,510</b>	<b>108,368</b>	<b>52,228</b>	<b>881,220</b>	<b>506,825</b>
<b>EXPENDITURES:</b>									
Personnel	123,816	19,409		4,958		106,565	45,835	300,583	266,608
Travel	263	319						582	796
Operating Services	112,693	3,122		14,076	9,069	26	7,237	146,223	135,206
Operating Supplies		11,988	5,803	681		2,127	3,610	24,209	7,780
Professional Services									
Capital Outlays	3,360	104,286	22,492	35			116	130,289	190
Other Costs	2,500	294,402	6,041	6,618		84	2,210	311,855	25,822
<b>TOTAL EXPENDITURES</b>	<b>242,632</b>	<b>433,526</b>	<b>34,336</b>	<b>26,368</b>	<b>9,069</b>	<b>108,802</b>	<b>59,008</b>	<b>913,741</b>	<b>436,402</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(3,427)</b>	<b>(88,491)</b>	<b>73,188</b>	<b>(3,018)</b>	<b>(3,559)</b>	<b>(434)</b>	<b>(6,780)</b>	<b>(32,521)</b>	<b>70,423</b>
<b>FUND BALANCE, BEGINNING</b>	<b>1,119</b>	<b>88,551</b>	<b>-</b>	<b>11,233</b>	<b>4,563</b>	<b>(434)</b>	<b>8,523</b>	<b>113,555</b>	<b>43,132</b>
<b>INTERFUND TRANSFER</b>	<b>2,500</b>			<b>(2,500)</b>					
<b>FUND BALANCE, ENDING</b>	<b>192</b>	<b>60</b>	<b>73,188</b>	<b>5,715</b>	<b>1,004</b>	<b>(868)</b>	<b>1,743</b>	<b>81,034</b>	<b>113,555</b>

The accompanying notes are an integral part of this statement

SOCIALIZATION SERVICES, INC.  
SHREVEPORT, LOUISIANA

COMBINED STATEMENT OF CASH FLOWS  
For the Fiscal Year Ended June 30, 2004

	Elderly Affairs Grant Fund	Health Fund	LSU - Medical Health Fund	Building Fund	Special Upkeep Building Fund	Education Fund	General Fund	Total (Memorandum Only)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>								
Excess (Deficiency) of Revenues over Expenditures	(3,427)	(88,491)	73,188	(3,018)	(3,559)	(434)	(6,780)	(32,521)
Adjustments to reconcile operating income to net cash provided (used) by operating activities								
Cash flows reported in other categories								
Depreciation								
Change in assets and liabilities								
Receivables (net)				(6,100)			782	(5,318)
Receivables from other funds								
Prepaid Expenses								
Accounts Payable		8,700				567	5,100	14,367
Taxes Payable								
Accrued Expenses								
Tenant Security Deposit								
Total Cash InFlows	<u>(3,427)</u>	<u>(79,791)</u>	<u>73,188</u>	<u>(9,118)</u>	<u>(3,559)</u>	<u>133</u>	<u>(898)</u>	<u>(23,472)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>								
Proceeds from sale of capital assets								
Purchases of capital assets								
Building Improvements								
Proceeds from Short-term borrowing								
Proceeds from CBDG Grant								
Proceeds from capital debt								
Principal paid on capital debt								
Net cash provided (used) by capital and related financing activities								
INCREASE (DECREASE) IN CASH	<u>(3,427)</u>	<u>(79,791)</u>	<u>73,188</u>	<u>(9,118)</u>	<u>(3,559)</u>	<u>133</u>	<u>(898)</u>	<u>(23,472)</u>
UNRESTRICTED CASH @ 7/01/03	<u>1,119</u>	<u>88,551</u>	<u>73,188</u>	<u>12,783</u>	<u>4,563</u>	<u>133</u>	<u>3,008</u>	<u>110,024</u>
INTERFUND TRANSFER	2,500			(2,500)				
UNRESTRICTED CASH @ 6/30/04	<u>192</u>	<u>8,760</u>	<u>73,188</u>	<u>1,165</u>	<u>1,004</u>	<u>133</u>	<u>2,110</u>	<u>86,552</u>

**The accompanying notes are an integral part of this statement**

SOCIALIZATION SERVICES, INC.  
SHREVEPORT, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2004

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Presentation of Statements:

In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. In November of 1984, the GASB issued a codification of governmental accounting and financial reporting standards. This codification and subsequent GASB pronouncements are recognized as *generally accepted accounting principles for state and local governments*.

The accompanying financial statements conform to accounting principles generally accepted in the United States of America for local government entities as prescribed by Statement 1, Governmental Accounting and Financial Reporting Principles published by the National Council on Governmental Accounting; Audits of State or Local Governmental Units, the industry audit guide issued by the American Institute of Certified Public Accountants; Section 800 - Fiscal Requirements, Appendix A, accounting manual for the Governor's Office of Elderly Affairs; and the revised Louisiana Municipal Audit and Accounting Guide.

B. Organization:

Socialization Services, Inc. was incorporated on July 11, 1984, as Humana Socialization, Inc., in Shreveport, Louisiana for civic and charitable purposes. Effective December 1, 1986, the Board of Directors adopted the name of Socialization Services, Inc. The Board of Directors is composed of nine members. The board officers for the year ended June 30, 2004, were Mr. Charles Raye, Chair, and Ms. Helen Horton, Vice Chair, Ms. Rosie Cothran, Secretary and Ms. Sallie Pennywell, Treasurer. Board members are not compensated.

C. Fund Accounting:

Socialization Services Inc. use fund and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental financed functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

SOCIALIZATION SERVICES, INC.  
SHREVEPORT, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2004

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

C. Fund Accounting (continued):

The funds are grouped in the financial statements of this report, into one generic fund type as follows:

(1) Elderly Affairs Grant Fund

The Elderly Affairs Grant Fund is used to account for proceeds of the grant received from the Louisiana Office of Urban Affairs to serve senior citizens of the Greater Shreveport area with meals. Proceeds are also used to provide transportation to and from sites, doctor appointments, pharmacies, groceries, etc. Additional services include home delivered meals for handicapped/disabled elderly, advocacy and recreation.

(2) Health Fund

The Health Fund is used to account for funds received from the Louisiana Department of Health and Hospitals to provide payment of administrative costs for Community Women's Health Center (Northwest Louisiana Breast Cancer Detection Center).

(3) Health Fund – LSU Medical

The Health Fund is used to account for funds received LSU Medical Center to cover start-up costs for the Health Center.

(4) Building Fund

The building fund is used to account for funds and activities related to donated property located at the West 70th Street Shopping Center. This property is a neighborhood strip shopping center that houses several small businesses. These businesses pay monthly rental to Socialization Services.

(5) Special Upkeep – Building Fund

The special upkeep building fund is used to account for funds and activities related to upkeep of the property at West 70<sup>th</sup> street. Upkeep activities include building repair and upgrade, landscaping and ongoing building maintenance.

(6) Education Fund

The Education Fund is used to account for funds and activities related to providing homework assistance and after-school tutoring, as well as enrichment and recreation. The goal is to reduce out-of-wedlock births and increase student academic achievement through the provision of supervised, structured activities for students in the out-of-school hours.

SOCIALIZATION SERVICES, INC.  
SHREVEPORT, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2004

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

C. Fund Accounting (continued):

(6) General Fund

The General Fund is used to account for funds and activities not directly related to program funds. Funding is provided from the State of Louisiana for processing Medicaid applicants and from the City of Shreveport for processing clients for water bill reimbursement.

D. Basis of Accounting:

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All funds utilized by Socialization Services, Inc. are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used by all funds appearing in this financial report. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Socialization Services, Inc. considers revenue available if it is collected within 60 days after year-end. Those revenues susceptible to accrual are intergovernmental and contributions from private sources. Expenditures are recorded when the related fund liability is incurred.

E. Budgets and Budgetary Accounting:

Socialization Services, Inc. generally follows these procedures in establishing the budgetary data reflected in these financial statements:

1. Management, with technical assistance provided by the State of Louisiana Office of Urban Affairs, prepares a proposed budget and submits the same to the Board of Directors for approval prior to the beginning of each fiscal year.
2. Budgetary amendments involving the transfer of funds from one program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require approval of the Board of Directors.

SOCIALIZATION SERVICES, INC.  
SHREVEPORT, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2004

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

E. Budgets and Budgetary Accounting (continued):

3. All budgetary appropriations lapse at the end of each fiscal year.
4. The budget is adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted, or as amended from time to time by the Board of Directors or the Louisiana Office of Urban Affairs.
5. Formal budgetary integration is employed as a management control device during the year for all funds.
6. Expenditures can legally exceed appropriations, but not more than 5%.

F. Expenditures - Actual and Budget:

The following individual fund had actual expenditures over budgeted expenditures for the year ended June 30, 2004.

<u>EDUCATION FUND</u>	(\$ 434)
<u>ELDERLY FUND</u>	(\$3,427)

G. Fixed Assets

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in grant funds, and the related assets are reported in the general fixed assets accounts group. All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related assets, as applicable.

H. Cash

All cash funds are covered by FDIC insurance at a federally insured financial institution.

I. Accrued Vacation Liability

The current policy of Socialization Services, Inc. does not provide for the accumulation of earned leave by employees; therefore, these financial statements do not contain a provision for accrued vacation.

SOCIALIZATION SERVICES, INC.  
SHREVEPORT, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2004

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

J. Total Columns on Combined Statements - Overview

Total columns on the Combined Statements - Overview are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

K. Summarized Financial Information for 2003

The financial information for the year ended June 30, 2003, presented for comparative purposes, is not intended to be a complete financial statement presentation.

(2) FUNDING

Socialization Services, Inc. was funded by the Louisiana Office of Urban Affairs, receiving \$224,204 for the fiscal year ended June 30, 2004 for the Elderly Program, and from Caddo Parish and LSU Medical Center, receiving \$345,035 and 107,500 respectively for the Health Fund. Additional funding was received from the State of Louisiana Department of Education for the Education Fund in the amount of 108,368. The City of Shreveport, which provided \$47,743 for Water and \$15,000 for the Elderly Program and the State of Louisiana, which provided \$4,480 toward Medicaid.

(3) ACCOUNTS RECEIVABLE

The General Fund had account receivables of \$4,173 due from the City of Shreveport for water services, and \$560 from the State of Louisiana Medicaid at June 30, 2004.

(4) INCOME TAX STATUS

Socialization Services, Inc., a non-profit corporation, is exempt from federal income taxation under Section 501 (c) (3) of the Internal Revenue Code.

(5) CHANGES IN LONG - TERM DEBT

Socialization Services had no long-term debt during the fiscal year ended June 30, 2004.

SOCIALIZATION SERVICES, INC.  
SHREVEPORT, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2004

(6) JUDGMENTS, CLAIMS, AND SIMILAR CONTINGENCIES (Continued)

There is no litigation pending against Socialization Services at June 30, 2004. Furthermore, Socialization Services' management believes that any potential lawsuits would be adequately covered by insurance.

Socialization Services receives revenues from various State grant programs that are subject to final review and approval as to allowability of expenditures by the respective grantor agencies. Any settlements or expenses arising out of a final review are recognized in the period in which agreed upon by the agency and Socialization Services. Also, it is management's opinion that any audits by the grantor agencies would not produce disallowed program costs and liabilities to such an extent that they would materially affect Socialization Services' financial position.

S U P P L E M E N T A R Y  
I N F O R M A T I O N

SOCIALIZATION SERVICES, INC.  
SHREVEPORT, LOUISIANA

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE BUDGET (GAAP BASIS) AND ACTUAL  
ELDERLY AFFAIRS FUND TYPE  
For the Fiscal Year Ended June 30, 2004

	Budget	Actual	Variance Favorable (unfavorable)
<b><u>REVENUES:</u></b>			
Intergovernmental	224,205	224,205	
Interest Income			
Rental Income			
Donations			
Other		15,000	15,000
<b>TOTAL REVENUES</b>	<b>224,205</b>	<b>239,205</b>	<b>15,000</b>
 <b><u>EXPENDITURES:</u></b>			
Personnel	125,634	123,816	1,818
Travel	343	263	80
Operating Services	91,951	112,693	(20,742)
Operating Supplies			
Professional Services			
Capital Outlays	3,777	3,360	417
Other Costs	2,500	2,500	
<b>TOTAL EXPENDITURES</b>	<b>224,205</b>	<b>242,632</b>	<b>(18,427)</b>
 <b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>		<b>(3,427)</b>	<b>(3,427)</b>
 <b>FUND BALANCE, BEGINNING</b>		1,119	1,119
 <b>INTERFUND TRANSFER</b>		2,500	2,500
 <b>FUND BALANCE, ENDING</b>		192	192

**The accompanying notes are an integral part of this statement**

SOCIALIZATION SERVICES, INC.  
SHREVEPORT, LOUISIANA

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE BUDGET (GAAP BASIS) AND ACTUAL  
EDUCATION FUND

For the Fiscal Year Ended June 30, 2004

	Budget	Actual	Variance Favorable (unfavorable)
<b><u>REVENUES:</u></b>			
Intergovernmental	100,000	108,368	8,368
Interest Income			
Rental Income			
Donations			
Other			
<b>TOTAL REVENUES</b>	100,000	108,368	8,368
 <b><u>EXPENDITURES:</u></b>			
Personnel	91,182	106,565	(15,383)
Travel			
Operating Services	225	26	199
Operating Supplies	5,404	2,127	3,277
Professional Services			
Capital Outlays			
Other Costs	3,189	84	3,105
<b>TOTAL EXPENDITURES</b>	100,000	108,802	(8,802)
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>		(434)	(434)
<b>FUND BALANCE, BEGINNING</b>		(434)	(434)
<b>INTERFUND TRANSFER</b>			
<b>FUND BALANCE, ENDING</b>		(868)	(868)

**The accompanying notes are an integral part of this statement**

**JERRY L. WHITE**  
Certified Public Accountant

1101 Frost Hollow Drive  
DeSoto, Texas  
(972) 230-4756

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

Board of Directors  
Socialization Services, Inc.  
Shreveport, Louisiana

I have audited the financial statements of Socialization Services, Inc.; Shreveport, Louisiana as of and for the year ended June 30, 2004, and have issued my report thereon dated December 22, 2004. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States.

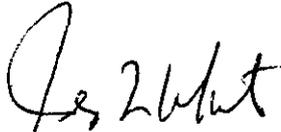
Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, I performed tests of Socialization's compliance with certain provisions of laws, regulations, contracts, and grants, non-compliance 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under Governmental Auditing Standards.

Internal Control Over Financial Reporting

*In planning and performing my audit, I considered Socialization's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My 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. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.*

This report is intended for the information of the audit committee, management, and the state of Louisiana Legislative Auditor's office, and federal awarding agencies and pass-through entities. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

  
JERRY L. WHITE  
CERTIFIED PUBLIC ACCOUNTANT

December 22, 2004

**JERRY L. WHITE**  
Certified Public Accountant

1101 Frost Hollow Drive  
DeSoto, Texas  
(972) 230-4756

MANAGEMENT LETTER COMMENTS

Board of Directors  
Socialization Services, Inc.  
Shreveport, Louisiana

THERE ARE NO MANAGEMENT LETTER COMMENTS FOR SOCIALIZATION SERVICES INC.  
FOR THE YEAR ENDED JUNE 30, 2004. PLEASE SEE SUMMARY OF PRIOR YEAR FINDINGS  
FOR FOLLOW-UP ON PRIOR YEAR FINDINGS.



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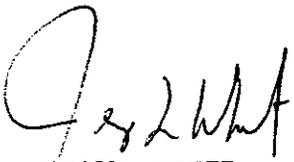
December 22, 2004

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MANAGEMENT'S CORRECTIVE ACTION PLAN

THERE WERE NO AUDIT FINDINGS AND/OR COMMENTS FOR THE YEAR ENDED JUNE 30, 2004, AND THEREFORE A MANAGEMENT CORRECTIVE ACTION PLAN WAS NOT APPLICABLE.



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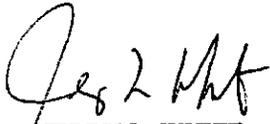
December 22, 2004

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SUMMARY OF PRIOR YEAR FINDINGS

THERE WERE NO AUDIT FINDINGS AND/OR COMMENTS FOR THE YEAR ENDED JUNE 30, 2002, AND THEREFORE THERE ARE NO PRIOR YEAR FINDINGS.



JERRY L. WHITE  
CERTIFIED PUBLIC ACCOUNTANT

December 22, 2004