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Financial Report
Strive Incorporated
June 30, 2004

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 11-3-04

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Strive Incorporated

June 30, 2004

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FINANCIAL SECTION



Bourgeois Bennett

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors,
Strive Incorporated,
New Orleans, Louisiana.

We have audited the accompanying statement of financial position of Strive Incorporated (a nonprofit organization), as of June 30, 2004, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our 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 Governmental 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 Strive Incorporated as of June 30, 2004, and the 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, we have also issued our report dated August 20, 2004 on our consideration of Strive Incorporated's internal control over financial reporting and our 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 our audit.

Our audit was made for the purpose of forming an opinion on the basic financial statements of Strive Incorporated taken as a whole. The accompanying supplemental information (Schedule 1) is presented for the purposes of additional analysis and is not a required part of the basic financial statements of Strive Incorporated. Such information has been subjected to the auditing procedures applied in the audit 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.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

New Orleans, Louisiana,
August 20, 2004.

STATEMENT OF FINANCIAL POSITION**Strive Incorporated**

June 30, 2004

ASSETS**Assets**

Cash and cash equivalents	\$ 351,987
Accounts and notes receivable, net	209,158
Inventory	11,354
Prepaid expenses and other assets	3,735
Investments	225,000
Property and equipment, net of accumulated depreciation	633,409
Funds held by Greater New Orleans Foundation	<u>117,382</u>

Total assets	<u><u>\$ 1,552,025</u></u>
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LIABILITIES AND NET ASSETS**Liabilities**

Accounts payable	\$ 1,799
Accrued salaries and leave	<u>74,859</u>

Total liabilities	<u>76,658</u>
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Net Assets

Unrestricted	1,347,276
Temporarily restricted	<u>128,091</u>

Total net assets	<u>1,475,367</u>
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Total liabilities and net assets	<u><u>\$ 1,552,025</u></u>
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See notes to financial statements.

STATEMENT OF ACTIVITIES**Strive Incorporated**

For the year ended June 30, 2004

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues and Other Support			
Contracts for services - Miller Manor	\$ 306,419		\$ 306,419
Contracts for services - Project Strive	638,811		638,811
Contracts for services - Supported Independent Living	245,023		245,023
Contributions	43,279		43,279
Grants	20,000	\$ 15,000	35,000
Membership dues	6,695		6,695
Fundraising events	26,580		26,580
Interest	10,273		10,273
Other	4,852		4,852
Transportation	3,260		3,260
Workshop income	31,803		31,803
Investment income on funds held by Greater New Orleans Foundation:			
Interest income		2,082	2,082
Realized and unrealized gains, net		12,780	12,780
	<hr/>	<hr/>	<hr/>
Total revenues and other support	1,336,995	29,862	1,366,857
Net Assets Released From Restrictions			
Program restrictions satisfied by payments	27,015	(27,015)	-
	<hr/>	<hr/>	<hr/>
Total revenues, other support and net assets released from restrictions	1,364,010	2,847	1,366,857
	<hr/>	<hr/>	<hr/>
Expenses			
Program services:			
Miller Manor	279,696		279,696
Project Strive	526,388		526,388
Miller Activity Center	26,525		26,525
Supported Independent Living	212,658		212,658
Management and general	282,549		282,549
Fundraising	6,557		6,557
	<hr/>	<hr/>	<hr/>
Total expenses	1,334,373	-	1,334,373
	<hr/>	<hr/>	<hr/>
Change in Net Assets	29,637	2,847	32,484
Net Assets			
Beginning of year	1,317,639	125,244	1,442,883
	<hr/>	<hr/>	<hr/>
End of year	\$ 1,347,276	\$ 128,091	\$ 1,475,367
	<hr/>	<hr/>	<hr/>

See notes to financial statements.

STATEMENT OF FUNCTIONAL EXPENSES

Strive Incorporated

For the year ended June 30, 2004

	Program Services				Support Services			Total
	Community Housing - (Miller Manor)	Daycare And Workshop - (Project Strive)	Social Activities - (Miller Activity Center)	Separate Housing - (Supported Independent Living)	Management And General	Fundraising	Total	
Salaries	\$ 102,517	\$ 339,998	\$ -	\$ 171,286	\$ 168,868	\$ -	\$ 782,669	
Payroll taxes	8,966	23,610	-	14,129	10,930	-	57,635	
Administrative supplies	3,739	9,906	4,000	1,822	6,475	-	25,942	
Allowance for clients	2,736	-	-	-	-	-	2,736	
Bad debt expense	-	-	-	-	739	-	739	
Bed tax expense	22,035	-	-	-	-	-	22,035	
Insurance	17,713	42,281	2,789	9,393	36,784	-	108,960	
Maintenance and repairs	17,874	7,055	238	1,369	8,656	-	35,192	
Meals	13,839	40	-	-	197	-	14,076	
Other expenses	3,353	11,962	80	1,107	3,987	6,557	27,046	
Pension expense	491	3,191	-	736	1,718	-	6,136	
Professional fees and contract services	18,508	11,510	625	5,218	25,398	-	61,259	
Project costs	6,424	17,669	-	-	-	-	24,093	
Staff training	912	2,224	-	841	480	-	4,457	
Transportation	2,015	20,667	-	1,550	1,990	-	26,222	
Travel	-	625	-	1,214	475	-	2,314	
Utilities and telephone	10,371	17,197	-	3,993	7,139	-	38,700	
Workshop expense	36,000	-	-	-	-	-	36,000	
Total expenses before depreciation	267,493	507,935	7,732	212,658	273,836	6,557	1,276,211	
Depreciation of property and equipment	12,203	18,453	18,793	-	8,713	-	58,162	
Total expenses	\$ 279,696	\$ 526,388	\$ 26,525	\$ 212,658	\$ 282,549	\$ 6,557	\$ 1,334,373	

See notes to financial statements.

STATEMENT OF CASH FLOWS**Strive Incorporated**

For the year ended June 30, 2004

Cash Flows From Operating Activities	
Change in net assets	\$ 32,484
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	58,162
Investment gain on funds held at Greater New Orleans Foundation, withdrawals and other activities	(14,862)
Increase in accounts and notes receivable	(75,338)
Increase in prepaid expenses and other assets	(1,765)
Increase in inventory	(4,891)
Increase in accounts payable, accrued salaries and leave	834
	<hr/>
Net cash used in operating activities	(5,376)
	<hr/>
Cash Flows From Investing Activities	
Purchases of property and equipment	(31,752)
Proceeds from investment maturities	150,000
Purchases of investments	(125,000)
	<hr/>
Net cash used in investing activities	(6,752)
	<hr/>
Net Decrease In Cash and Cash Equivalents	(12,128)
	<hr/>
Cash and Cash Equivalents	
Beginning of year	364,115
	<hr/>
End of year	\$ 351,987
	<hr/> <hr/>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS**Strive Incorporated**

June 30, 2004

Note 1 - NATURE OF ACTIVITIES

Strive Incorporated (Strive), formerly Sophie L. Gumbel Guild, is a voluntary health and welfare organization providing housing, training and recreational services to adults with developmental disabilities. Strive provides housing for adults in Miller Manor, day care and training for adults through Project Strive, and social training and recreation for adults at Miller Activity Center. The majority of Strive's revenue is derived from contracts for services with the State of Louisiana and private contracts with businesses in the New Orleans metropolitan area.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**a. Organization and Income Taxes**

Strive is a nonprofit corporation organized under the laws of the State of Louisiana in 1964. It is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code, and qualifies as an organization that is not a private foundation as defined in Section 509(a) of the Code. It is also exempt from Louisiana income tax under the authority of R.S.47:121(5).

b. Basis of Accounting

The financial statements of Strive Incorporated are prepared on the accrual basis of accounting.

c. Financial Statement Presentation

Financial statement presentation follows the recommendations of the Statement of Financial Accounting Standards, (SFAS) No. 117, "Financial Statements of Not-For-Profit Organizations." Under SFAS No. 117, Strive classifies its net assets, revenues, and expenses based on the existence or absence of donor-imposed restrictions.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Financial Statement Presentation (Continued)

Accordingly, net assets and changes therein are classified and reported as follows:

Unrestricted Net Assets - Contracts for services, contributions, and other revenues and expenditures of funds for the general operation of its programs.

Temporarily Restricted Net Assets - Contributions and other revenues specifically authorized by the donor or grantor to be used for specific purposes or to benefit specific accounting periods.

Permanently Restricted Net Assets - Strive does not have any permanently restricted net assets.

d. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

e. Cash and Cash Equivalents

For purposes of reporting cash flows, Strive considers all highly liquid investments in money market funds and investments available for current use with initial maturity of three months or less to be cash equivalents.

f. Contributions and Revenue Recognition

Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions. Support that is restricted by a donor is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires (that is, when a stipulated time restriction ends or a 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. Donor restricted contributions whose restrictions are met in the same reporting periods are reported as unrestricted support.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g. Allowance For Uncollectible Accounts

Services rendered to clients are paid through third parties. A receivable is recorded for third-party reimbursements which have not been collected. An allowance for doubtful accounts is recorded based on management's estimate and includes all receivables over two years old. At June 30, 2004, all accounts over two years old have been written off and there is no allowance as management deems all accounts to be collectible.

h. Inventory

Inventory is stated at lower of cost using the first-in, first-out method or market.

i. Property and Equipment

Property and equipment are recorded at cost. Donated property is recorded at its fair market value at the date of donation. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed on the straight-line method.

j. Functional Expenses

The costs of providing the various programs and other activities are summarized in the statement of functional expenses. Certain expenses have been allocated among the programs and supporting services based on management's estimate of the costs involved.

k. Investments

Investments are stated at fair value in accordance with Financial Accounting Standards Board Statement No. 124 entitled "Accounting for Certain Investments Held by Not-for-Profit Organizations". Realized and unrealized gains and losses are included in the change in net assets in the accompanying statement of activities.

Note 3 - RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets are restricted by donors for specific purposes or designated for subsequent periods. In 1991, Strive received a bequest under which the principal is maintained by a trustee, Greater New Orleans Foundation, and principal and income are available for expenditure for medical and psychological evaluations, physical and occupational therapy, special adaptive equipment, and prosthetic devices for retarded citizens in need of financial help. Restrictions are considered to expire when payment for the designated purpose is made.

Temporarily restricted net assets at June 30, 2004, are available for the following purpose:

Medial assistance for retarded citizens	\$121,332
Exercise program for clients	<u>6,759</u>
Total	<u>\$128,091</u>

Note 4 - INVESTMENTS

Investments at June 30, 2004 consist of certificates of deposit with maturities of one to thirteen years, which are invested at several financial institutions with no institution holding more than \$100,000.

Note 5 - PROPERTY AND EQUIPMENT

At June 30, 2004, the cost of property and equipment was as follows:

Land	\$ 149,030
Building and improvements	1,302,435
Furniture and equipment	170,501
Automotive equipment	<u>113,652</u>
	1,735,618
Less accumulated depreciation	<u>1,102,209</u>
Net property and equipment	<u>\$ 633,409</u>

Depreciation expense for the year ended June 30, 2004 was \$ 58,162.

Note 6 - CONCENTRATION OF CREDIT RISK

Strive maintains its cash accounts in various financial institutions where the accounts are insured by Federal Deposit Insurance Corporation up to \$100,000 per bank. At June 30, 2004, Strive had approximately \$ 67,000 in excess of the insured limits.

Note 7 - SIGNIFICANT CONTRACTS

For the year ended June 30, 2004, approximately \$ 317,000 of contract revenue was from the State of Louisiana Department of Health and Hospitals and \$678,000 of contract revenue was from the Louisiana Medical Assistance Program. The State provides annual contracts to Strive which grant the State the right to audit program accounts and activities. Management believes that Strive is in compliance with the provisions of these contracts and that the findings of an audit, if any, would not have a material impact on the financial statements.

Note 8 - RISK MANAGEMENT

Strive is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. There were no settled claims that exceeded this commercial coverage during the year ended June 30, 2004.

Note 9 - ECONOMIC DEPENDENCY

The Organization receives federal and state funding on a per diem per client/unit basis. Federal and state funds from the Department of Health and Human Services, which pass through the Louisiana State Department of Health and Hospitals Office of Family Security, Medical Assistance Program – Medicaid/Title XIX, are on a per diem basis. These payments, reported as residential and habilitation services, are considered a payment for a service as opposed to a grant award.

In addition, the Organization receives state grants from the Department of Health and Hospitals Office for Citizens with Developmental Disabilities on a per diem basis.

If significant budget cuts are made at the federal, state and/or local levels, the amount of the funds the Organization receives could be reduced significantly and have an adverse impact on its operations. Management is not aware of any actions that will adversely affect the amount of funds the Organization will receive in the next fiscal year.

SCHEDULE OF PROGRAM SERVICE ACTIVITIES**Strive Incorporated**

For the year ended June 30, 2004

	Community Housing - (Miller Manor)	Daycare And Workshop - (Project Strive)	Social Activities - (Miller Activity Center)	Separate Housing - (Supported Independent Living)	Total
Revenues and Other Support					
Contracts	\$ 306,419	\$ 638,811		\$ 245,023	\$ 1,190,253
Transportation		3,260			3,260
Other		36,179			36,179
 Total revenues and other support	 306,419	 678,250		 245,023	 1,229,692
Program Expenses	<u>279,696</u>	<u>526,388</u>	<u>\$ 26,525</u>	<u>212,658</u>	<u>1,045,267</u>
Increase (Decrease) in Net Assets	<u>\$ 26,723</u>	<u>\$ 151,862</u>	<u>\$ (26,525)</u>	<u>\$ 32,365</u>	<u>\$ 184,425</u>

SPECIAL REPORT OF CERTIFIED PUBLIC ACCOUNTANTS



Bourgeois Bennett

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

To the Board of Directors,
Strive Incorporated,
New Orleans, Louisiana.

We have audited the financial statements of the Strive Incorporated (a nonprofit organization), as of and for the year ended June 30, 2004, and have issued our report thereon, dated August 20, 2004. 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 financial statements of Strive Incorporated 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 Strive Incorporated'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 operations that we consider to be material weaknesses.

This report is intended for the information and use of the Board of Directors, management, the Legislative Auditor for the State of Louisiana, federal awarding agencies and pass-thru entities and is not intended to be and should not be used by anyone other than those specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Audit as a public document.

Bougeois Bennett, L.L.C.

Certified Public Accountants.

New Orleans, Louisiana,
August 20, 2004.

SCHEDULE OF FINDINGS

Strive Incorporated

For the year ended June 30, 2004

Section I - Summary of Auditor's Report

a) Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Reportable condition(s) identified that are
not considered to be material weakness yes none reported

Noncompliance material to financial statements noted? yes no

b) Federal Awards

Strive Incorporated did not receive federal awards in excess of \$500,000 during the year ended June 30, 2004, and therefore is exempt from the audit requirements under the Single Audit Act and OMB Circular A-133, Audits of States, Local Governments, and Nonprofit Organizations.

Section II - Financial Statement Findings

No financial statement findings were noted during the audit of the financial statements for the year ended June 30, 2004.

Section III - Federal Award Findings and Questioned Costs

Not applicable.

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS

Strive Incorporated

For the year ended June 30, 2004

Section I - Internal Control and Compliance Material to the Financial Statements

Internal Control

No material weaknesses were noted during the audit of the financial statements for the year ended June 30, 2003.

No reportable conditions were reported during the audit of the financial statements for the year ended June 30, 2003.

Compliance

No compliance findings material to the financial statements were noted during the audit of the financial statements for the year ended June 30, 2003.

Section II - Internal Control and Compliance Material To Federal Awards

Strive Incorporated did not receive Federal awards in excess of \$300,000 during the year ended June 30, 2003, and therefore is except from the audit requirements under the Single Audit Act and OMB Circular A-133, Audit of State, Local Governments, and Nonprofit Organizations.

Section III - Management Letter

A management letter was not issued in connection with the audit of the financial statements for the year ended June 30, 2003.

MANAGEMENT'S CORRECTIVE ACTION PLAN
ON CURRENT YEAR FINDINGS

Strive Incorporated

For the year ended June 30, 2004

Section I - Internal Control and Compliance Material to the Financial Statements

Internal Control

No material weaknesses were noted during the audit of the financial statements for the year ended June 30, 2004.

No reportable conditions were reported during the audit of the financial statements for the year ended June 30, 2004.

Compliance

No compliance findings material to the financial statements were noted during the audit of the financial statements for the year ended June 30, 2004.

Section II - Internal Control and Compliance Material to the Federal Awards

Strive Incorporated did not receive Federal awards in excess of \$500,000 during the year ended June 30, 2004, and therefore is except from the audit requirements under the Single Audit Act and OMB Circular A-133, Audit of State, Local Governments, and Nonprofit Organizations.

Section III - Management Letter

A management letter was not issued in connection with the audit of the financial statements for the year ended June 30, 2004.