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START CORPORATION

Financial Reports

June 30, 2004

START CORPORATION

Financial Reports

June 30, 2004

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— Certified Public Accountants —
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
START Corporation
Houma, Louisiana

We have audited the accompanying statements of financial position of START Corporation (a non-profit organization) as of June 30, 2004 and 2003, and the related statements of activities and cash flows for the years 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 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 START Corporation as of June 30, 2004 and 2003, and the changes in its net assets and 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 a report dated October 8, 2004 on our consideration of START Corporation'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 performed for the purpose of forming an opinion on the basic financial statements of START Corporation taken as a whole. The accompanying supplementary statement of unrestricted functional revenues and expenses presented in Schedule 1 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 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.

Bergeron + Fanaux

October 8, 2004

START CORPORATION

Statements of Financial Position

June 30, 2004 and 2003

ASSETS	2004	2003
Current assets:		
Cash and cash equivalents	$ 15,578	$ 431
Grant and contract receivables	55,877	44,615
Other receivable - Larke Village, Inc.	-	5,583
Land inventory - James Aitkins Subdivision	-	24,315
Other prepaid expenses and deposits	1,340	1,340
Total current assets	72,795	76,284
Land, buildings, and equipment at cost:		
Land and buildings	369,450	422,992
Leasehold improvements	21,970	24,020
Furniture, fixtures & equipment	78,680	79,749
Vehicles	136,868	97,377
Construction in progress	34,203	-
Total depreciable assets	641,171	624,138
Less accumulated depreciation	(187,704)	(157,403)
Net land, buildings, and equipment	453,467	466,735
Total assets	$ 526,262	$ 543,019
LIABILITIES AND FUND BALANCES		
Current liabilities:		
Accounts payable	$ -	$ 2,262
Current portion of long-term debt	18,560	20,066
Notes payable	70,721	66,483
Accrued payroll and payroll taxes payable	19,001	7,880
Total current liabilities	108,282	96,691
Long-term debt:		
Long-term debt, less current portion	276,369	330,086
Total long-term debt	276,369	330,086
Total liabilities	384,651	426,777
Net assets:		
Unrestricted net assets	141,611	116,242
Total net assets	141,611	116,242
Total liabilities and net assets	$ 526,262	$ 543,019

See notes to financial statements.

START CORPORATION

Statements of Activities

Years Ended June 30, 2004 and 2003

Changes in unrestricted net assets:	2004	2003
Revenues:		
Fees, grants, and contracts from governmental agencies	$ 810,075	$ 471,012
Contributions	46,253	10,670
Total public support	856,328	481,682
Other revenues:		
Program service fees	42,712	21,920
Fees and sales to public	150,366	152,834
Total other revenues	193,078	174,754
Total unrestricted revenues and other support	1,049,406	656,436
Expenses:		
Program Services:		
Supportive Housing Program	218,790	78,502
Delta Grant	18,327	6,866
Psychosocial Recovery Skills	96,901	103,232
Infant Mental Health Services	45,597	10,977
Opportunity Center	23,295	25,542
Starting Over	114,281	-
Housing Development	128,925	127,425
Beautiful Beginnings	135,637	63,737
Transitional Living Center	139,613	134,857
Total program services	921,366	551,138
Supporting Services:		
Management and general	72,231	74,897
Fundraising	30,440	-
Total supporting services	102,671	74,897
Total expenses	1,024,037	626,035
Increase (decrease) in net assets	25,369	30,401
Net assets at beginning of year	116,242	85,841
Net assets at end of year	$ 141,611	$ 116,242

See notes to financial statements.

START CORPORATION

Statements of Cash Flows

Years Ended June 30, 2004 and 2003

	2004	2003
Cash flows from operating activities:		
Change in net assets	$ 25,369	$ 30,401
Noncash adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	39,740	30,183
Loss on disposition of asset	293	-
Changes in:		
Grants & contracts receivable	(5,679)	(1,927)
Land inventory	24,315	102,669
Deposits	-	(555)
Accounts payable	(2,262)	(193)
Payroll taxes payable	10,826	628
AFLAC Insurance Payable	295	-
Net cash provided by (used in) operating activities	92,897	161,206
Cash flows from investing activities:		
Purchase of vehicles, building, and land	(43,596)	(50,966)
Proceeds from sale of property	46,931	-
Net cash provided by (used in) investing activities	3,335	(50,966)
Cash flows from financing activities:		
Gross borrowings	158,000	15,524
Payments on notes payable	(239,085)	(133,686)
Net cash provided by (used in) financing activities	(81,085)	(118,162)
Net increase (decrease) in cash and cash equivalents	15,147	(7,922)
Cash and cash equivalents at beginning of year	431	8,353
Cash and cash equivalents at end of year	$ 15,578	$ 431
Supplemental data:		
Interest paid	$ 10,176	$ 9,093

See notes to financial statements.

START CORPORATION

Notes to Financial Statements

1) Organization

START Corporation (START) operates as a voluntary non-profit organization which provides rehabilitation services, training, placement, and employment for mentally and physically handicapped individuals in Terrebonne, Lafourche, St. John, St. James, Assumption, and St. Charles Parishes.

2) Summary of Significant Accounting Policies

The following is a summary of the significant accounting policies:

a) Basis of Accounting & Presentation. Funds are accounted for using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

START reports three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The financial statements do not include any permanently restricted net assets or temporarily restricted net assets.

b) Land Inventory – James Aitkins Subdivision. Land inventory is stated at the lower of cost or estimated selling price of unsold lots. The land has been subdivided into twenty lots. Cost per lot was determined through allocation based on estimated market value of each lot. START intends to designate one lot as a park for residents, and no cost has been assigned to this lot.

c) Property and Equipment. Property and equipment are recorded at historical cost or, if donated, at the fair market value on the date donated and are depreciated on straight-line and accelerated methods over their estimated useful lives as follows:

Buildings	39 years
Leasehold improvements	8 years
Furniture, fixtures and equipment	5-7 years
Vehicles	3-5 years

Expenditures for renewals and betterments are capitalized and expenditures for ordinary maintenance and repairs are expensed as incurred. The cost and accumulated depreciation applicable to assets retired or sold, if any, are removed from the respective accounts and gains or losses thereon are included in operations. Depreciation expense for the years ended June 30, 2004 and 2003 totaled $39,740 and $30,183, respectively.

c) Functional Expenses. START allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program and support service are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated by management. Principal programs are as follows:

i) Supportive Housing Program – Program provides permanent housing for homeless persons with severe mental illness. This program will provide safe, decent, affordable, stable housing to persons with disabilities who experience chronic homelessness to assist them in achieving self-sufficiency and permanency in housing. Along with providing housing, supportive services will be provided to assist residents in transition into and maintenance of the permanent housing arrangement.

ii) Delta Grant – A program which provides a community encourager to be located in Assumption parish who will assist in the development of a networked mental health program to provide care for its severely mentally ill adults and children.

iii) Psychosocial Recovery Skills – A training program designed to teach a variety of psychosocial recovery skills in the field and community. These skills are essential to the seriously mentally ill adult for a successful recovery process and enhance the individual's ability to negotiate the environment as independently as possible.

iv) Infant Mental Health Services – Program designed to assist and support families in the community by providing a professional experienced with children and family systems, specialized training in infant and child development, and assessing and treating psychosocial and psychological difficulties presented by infants and their caregivers.

v) Opportunity Center – Program provides opportunities for consumers with serious mental illness to socially interact and recreate with consumers in a safe and relaxed environment. The facility is to serve as a meeting place for consumer groups to meet and become involved politically and socially in their community. The program's intent is to reduce isolation and stigma and provide an opportunity for social empowerment among consumers.

vi) Starting Over –Program provides assistance in locating and securing safe and affordable permanent housing for persons who are homeless, disabled, and victims of domestic violence.

vii) Housing Development – Program is designed to assist in the recovery of individuals with serious mental illness by providing the necessary technical and practical support in locating and providing safe, secure and affordable housing.

viii) Beautiful Beginnings – Program provides for the staffing and management of the daily operations of a shelter operated by Terrebonne Parish Consolidated Government

ix) Transitional Living Center – Program provides emergency respite and system respite through residential and telephone crisis services to consumers with serious mental illness. Protecting the health, safety and welfare of consumers with serious mental illness is a primary concern of the program.

e) Advertising Costs. Advertising costs are charged to operations when incurred, except for direct-response advertising. The costs of direct-response advertising are capitalized and amortized over the period which future benefits are expected to be received. There were no direct-response advertising costs incurred during the year. Advertising costs incurred and charged to operations for the years ended June 30, 2004 and 2003 were $3,920 and $1,967, respectively.

f) Accumulated Vacation and Sick Leave. Vacation and sick leave do not vest to the employee and, accordingly, have not been accrued. Employees accumulate 1 day of vacation per month to a maximum of 12 days. Employees accumulate 1 day of sick leave per month to a maximum of 60 days. Unused sick leave carries over into the next year. Upon termination, any unused vacation or sick leave is forfeited.

g) Income Taxes. START is a non-profit organization and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code of 1986. Accordingly, no provisions for income taxes have been made in the financial statements.

h) Cash and Cash Equivalents. For purposes of the statement of cash flows, START considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

START CORPORATION

Notes to Financial Statements, Continued

i) 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 contingent 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.

3) Notes Payable

Short-term debt at June 30, follows:

	2004	2003
7.10% note payable to Hibernia National Bank. The note is payable on demand, and if no demand is made, in monthly installments of $867, including interest through January 14, 2012, collateralized by building and land. (As originally financed, the 8.5% note was payable in monthly installments of $913 including interest with an approximate remaining principle balance of $64,000 due March 26, 2004).	$ 60,684	$ 66,483
7.0% line of credit payable to Hibernia National Bank. START maintains a $35,000 line of credit which is renewed annually.	10,037	-
Total short-term debt	$ 70,721	$ 66,483

START CORPORATION

Notes to Financial Statements, Continued

3) Notes Payable, continued

Long-term debt at June 30, follows:

	2004	2003
1% note payable to Terrebonne Parish Consolidated Government. The note is payable in monthly installments of $235, including interest through April 1, 2020 collateralized by an additional promissory note and land. This note was completely paid out during the year ended June 30, 2004.	$ -	$ 43,954
0% note payable to Terrebonne Parish Consolidated Government through December 31, 2004, then 1% thereafter, collateralized by land inventory. The note is payable in monthly installments of $1,377. The first payment is due February 1, 2005 and continuing until January 1, 2020. Interest will begin accruing monthly starting on January 1, 2005. This note payable was completely paid out during the year ended June 30, 2004.	-	24,000
0% note payable to Terrebonne Parish Consolidated Government through September 1, 2002, then 1% thereafter, collateralized by building and land. The note is payable in monthly installments of $354. The first payment is due September 1, 2002 and continuing until August 1, 2022. Interest will begin accruing monthly starting August 1, 2002.	70,813	74,364
0% note payable to Terrebonne Parish Consolidated Government through September 1, 2002, then 1% thereafter, collateralized by building and land. The note is payable in monthly installments of $361. The first payment is due September 1, 2002 and continuing until August 1, 2022. Interest will begin accruing monthly starting August 1, 2002.	72,193	75,812

3) Notes Payable, continued

Long-term debt at June 30, follows:

	2004	2003
0% note payable to Terrebonne Parish Consolidated Government through April 1, 2003, then 1% thereafter, collateralized by buildings and property. The note is payable in monthly installments of $482.89. The first payment is due April 1, 2003 and continuing until March 1, 2023. Interest will begin accruing monthly starting February 1, 2003.	$ 99,034	$ 103,813
0% note payable to Terrebonne Parish Consolidated Government through January 1, 2005, then 1% thereafter, collateralized by buildings and property. The total note amounts to $60,000 with $29,900 remaining to be drawn as construction progresses. The note is payable in monthly installments of $275.94. The first payment is due January 1, 2005 and continuing until December 1, 2019.	30,100	-
7% note payable to Terrebonne Motor Company. The note is payable in monthly installments of $303.48, including interest until December 20, 2007. The note is collateralized by a van.	11,427	14,145
7% note payable to Terrebonne Motor Company. The note is payable in monthly installments of $306.71, including interest until December 20, 2007. The note is collateralized by a van.	11,362	14,064
Total long-term debt	294,929	350,152
Less current portion	(18,560)	(20,066)
Long-term debt, net	$ 276,369	$ 330,086

Future maturities of long-term debt follow:

2005	$ 18,560
2006	20,078
2007	20,645
2008	16,787
2009	14,274
Thereafter	204,585
	$ 294,929

Total interest incurred on both short-term and long-term debt was $10,176 and $9,093, which was charged to interest expense for the years ended June 30, 2004 and 2003, respectively.

4) Funding

START receives its principal funding through grants and contracts from the following governmental agencies:

	2004	2003
United States Department of Housing and Urban Development:		
Supportive Housing Program	$ 165,847	$ 74,463
Starting Over	142,454	-
United States Department of Health and Human Services:		
Block Grant for Community Mental Health Services	26,638	26,744
State of Louisiana Department of Health and Hospitals:		
Psychosocial Recovery Skills	110,633	110,595
Infant Mental Health Services	49,027	12,717
Transitional Living Center	153,401	153,481
State of Louisiana Office of Rural Development Delta Grant	10,496	8,250
Terrebonne Parish Consolidated Government:		
Emergency Shelter Grants Program	70,000	66,000
Detox Program	68,194	-
Psychosocial Recovery Skills	13,385	18,762
	$ 810,075	$ 471,012

5) Operating Leases

START entered into a two year lease agreement on its main office facility located at 420 Magnolia Street, Houma, Louisiana with South Louisiana Electric Cooperative Association beginning August 1, 2002 and ending July 31, 2003. This operating lease provides for an automatic monthly renewal after expiration of its initial term. The lease was renewed from August 1, 2003 ending July 31, 2004.

START entered into two different residential lease agreements covering the rental of eight apartments. Monthly rentals are $325 per apartment. The leases expire at different dates. The apartments are used to provide temporary housing for individuals qualifying for its Psychosocial Skills Programs. START anticipates renewing these leases in the normal course of business providing funding for this program remains in place.

Minimum future rental payments under the non-cancelable operating leases as of June 30, 2004 follow:

Year ending June 30,	Amount
2005	$ 5,200
	$ 5,200

Following is a summary of rental expense under all operating leasing:

	2004	2003
Mimimum rentals	$ 24,300	$ 51,240
Total rent expense	$ 24,300	$ 51,240

6) Management, Bookkeeping Revenues and Related Party

START entered into a management and bookkeeping agreement with Taddy Village, Inc., a not-for-profit corporation providing housing to seriously ill individuals in Houma, Louisiana, beginning August 1, 2002. START provides management and bookkeeping services for $400 plus 5% of Taddy Village, Inc.'s total lease revenue per month. START will also provide an on-site manager for $1,500 per month. Either party may terminate the agreement at any time with a thirty day notice. Revenues earned under this agreement amounted to $33,252 and $32,391 for the years ended June 30, 2004 and 2003, respectively. Certain board members of START are also board members of Taddy Village, Inc. and Larke Village, Inc.

START sponsored Larke Village, Inc. in obtaining a reservation for capital advance through the Department of Housing and Urban Development Section 811 program. Larke Village, Inc. is a not-for-profit corporation which will develop an apartment complex to provide supportive housing to enable persons with disabilities to live as independently as possible in the community. HUD awarded the capital advance to Larke Village, Inc. on the basis of START's management experience and its pledge of financial support to the project. As of June 30, 2003, START had provided financial support of approximately $5,583 in initial start-up costs and expenses of Larke Village, Inc. As of June 30, 2004, reimbursement of these costs has been collected. START entered into a management and bookkeeping agreement with Larke Village Inc. in October 2003. START provides management and bookkeeping services for $200 plus 7% of Larke Village, Inc.'s total lease revenue per month. START will also provide an on-site manager for $750 per month. Either party may terminate the agreement at any time with a ninety day notice. Revenues earned under this agreement amounted to $12,527 for the year ended June 30, 2004.

START entered into a management and bookkeeping agreement with Sunshine Village, Inc. beginning September 1, 2002. START provides management and bookkeeping services for $400 plus 5% of Sunshine Village, Inc.'s total lease revenue per month. START will also provide an on-site manager for $1,400 per month. Either party may terminate the agreement at any time with a sixty day notice. Revenues earned under this agreement amounted to $26,114 for the year ended June 30, 2004.

7) Deferred Compensation Plans

Employees of START have the option to participate in a deferred compensation program as defined by Internal Revenue Code Section 403 (b) (tax sheltered annuities). START has the responsibility for withholding and remitting contributions from participants to the plan. An insurance company serves as administrator and has the responsibility for maintaining a deferred account with respect to each participant, investing the participant's account in accordance with the participant's investment specifications and reporting annually to the participant and the Company on the status of the plan.

8) Commitments, Contingencies and Economic Dependency

START receives a substantial portion of its revenues from state grants and contracts which are subject to audit by state government. The ultimate determination of amounts received under these programs generally is based on units of service provided or allowable costs reported to and audited by the applicable state agency. Until such audits have been completed and final settlement reached, there exists a contingency to refund any amount received in excess of allowable cost and service reimbursement. Management is of the opinion that no material liability will result from such audits.

START receives a significant portion of its revenues from state contracts. If these funding sources are significantly reduced, START will not be able to continue operations as it is presently structured.

9) Noncash Transactions

During the year ending June 30, 2004, START financed $30,100 of the initial start of the construction of a youth building.

During the year ending June 30, 2003, START financed the acquisition of two vehicles. START financed $31,069 of the purchase price via a long-term debt obligation. Additionally assets with an original cost of $25,259 and accumulated depreciation of $17,643 were traded-in.

During the year ending June 30, 2003, START financed the acquisition of four apartment buildings. The fair value of the acquired buildings was $100,336. START financed the purchase via a long-term debt obligation.

SUPPLEMENTARY INFORMATION SECTION

START CORPORATION
Consolidated Statement of Unrestricted Functional Revenues and Expenses - Unrestricted Net Assets
Year Ended June 30, 2004

	Supportive Housing Program	Delta Grant	Psychosocial Recovery Skills	Infant Mental Health	Opportunity Center	Starting Over	Housing Development	Beautiful Beginnings	Transitional Living Center	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total All Services
Revenues:														
Public support:														
Fees, grants and contracts from governmental agencies	$ 165,847	$ 10,496	$ 124,018	$ 49,027	$ 26,638	$ 142,454	$ -	$138,194	$ 153,401	810,075	$ -	$ -	$ -	$ 810,075
Contributions	-	-	-	-	-	-	-	-	-	-	7,525	38,728	46,253	46,253
	165,847	10,496	124,018	49,027	26,638	142,454	-	138,194	153,401	810,075	7,525	38,728	46,253	856,328
Other revenues:														
Program service fees	22,122		-	-	4,178	3,350	-	-	13,062	42,712	-	-	-	42,712
Fees and sales to public	-	4,751	-	-	-	-	128,884	-	-	133,635	16,731	-	16,731	150,366
	22,122	4,751	-	-	4,178	3,350	128,884	-	13,062	176,347	16,731	-	16,731	193,078
Total revenues	187,969	15,247	124,018	49,027	30,816	145,804	128,884	138,194	166,463	986,422	24,256	38,728	62,984	1,049,406
Expenses:														
Salaries	72,634	10,580	49,960	36,713	17,652	71,279	39,561	102,921	83,247	484,547	24,261	-	24,261	508,808
Payroll taxes	6,215	1,042	4,444	3,187	1,843	6,536	3,513	9,390	7,680	43,850	982	-	982	44,832
Employee benefits	2,174	-	11,075	58	-	9,677	5,716	15,072	9,778	53,550	8,244	-	8,244	61,794
Total salary and related benefits	81,023	11,622	65,479	39,958	19,495	87,492	48,790	127,383	100,705	581,947	33,487	-	33,487	615,434
Advertising	-	147	-	-	-	30	-	-	-	177	996	2,747	3,743	3,920
Bank charges	-	-	-	-	-	-	-	-	-	-	167	883	1,050	1,050
Client assistance	103,848	-	-	-	-	5,011	19,500	-	-	128,359	3,026	-	3,026	131,385
Conference	-	670	-	45	-	-	-	-	-	715	1,099		1,099	1,814
Dues and subscriptions	-	-	-	-	-	50	75	120	120	365	1,425	-	1,425	1,790
Insurance	7,792	308	6,097	1,163	680	8,694	8,903	2,860	6,439	42,936	6,040	-	6,040	48,976
Interest	-	-	1,963	-	-	-	2,791	-	4,610	9,364	812	-	812	10,176
Licenses, taxes and fees	300	138	205	-	25	295	181	-	231	1,375	1,528	-	1,528	2,903
Maintenance and repairs	750	-	-	-	657	1,569	22,671	-	10,945	36,592	7,193	-	7,193	43,785
Postage and delivery	-	155	-	-	-	74	275	-	-	504	436	-	436	940
Professional fees	1,230	383	1,118	166	392	1,192	1,596	5,274	2,785	14,136	3,033	490	3,523	17,659
Supplies and materials	2,562	2,476	86	191	1,045	2,642	2,134	-	547	11,683	3,405	26,320	29,725	41,408
Telephone	1,566	404	3,889	726	-	2,752	685	-	3,471	13,493	1,095	-	1,095	14,588
Travel	4,386	2,024	2,365	2,339	-	2,881	1,173	-	-	15,168	-	-	-	15,168
Utilities	2,603	-	-	711	1,001	283	12,995	-	7,324	24,917	8,384	-	8,384	33,301
Total expenses before depreciation	206,060	18,327	81,202	45,299	23,295	112,965	121,769	135,637	137,177	881,731	72,126	30,440	102,566	984,297
Depreciation of buildings & equipment	12,730	-	15,699	298	-	1,316	7,156	-	2,436	39,635	105	-	105	39,740
Total expenses	218,790	18,327	96,901	45,597	23,295	114,281	128,925	135,637	139,613	921,366	72,231	30,440	102,671	1,024,037
Excess (deficiency) of revenues over expenses	$ (30,821)	$ (3,080)	$ 27,117	$ 3,430	$ 7,521	$ 31,523	$ (41)	$ 2,557	$ 26,850	$ 65,056	$ (47,975)	$ 8,288	$ (39,687)	$ 25,369

SUPPLEMENTARY FINANCIAL REPORTS

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(RETIRED)

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
START Corporation
Houma, Louisiana

We have audited the financial statements of START Corporation (a non-profit organization) as of and for the year ended June 30, 2004, and have issued our report thereon dated October 8, 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 START Corporation'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 START Corporation'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 of the Board of Directors, management, the Legislative Auditor for the State of Louisiana, and regulatory agencies and is not intended to be and should not be used by anyone other than these specific parties. Under Louisiana Revised Statute 24:513, this report is distributed as a public document.

Bergeron + Lanaux

October 8, 2004

START CORPORATION
SCHEDULE OF FINDINGS
For the Year Ended June 30, 2004

We have audited the financial statements of START Corporation as of and for the year ended June 30, 2004, and have issued our report thereon dated October 8, 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. Our audit of the financial statements as of June 30, 2004 resulted in an unqualified opinion. We did not issue a separate management letter as a result of this engagement.

Section I Summary of Auditor's Results

a. Financial Statements

Internal control over financial reporting:

Material weaknesses identified?	___ yes	_X_ no
Reportable conditions identified that are not considered to be material weaknesses?	___ yes	_X_ no
Noncompliance material to the financial statements noted?	___ yes	_X_ no

b. Federal Awards

Start Corporation 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 Non-Profit Organizations.

Section II – Financial Statement Findings

There were none.

Section III – Federal Award Findings and Questioned Costs

Not applicable.

START CORPORATION
SCHEDULE OF PRIOR YEAR FINDINGS
For the Year Ended June 30, 2004

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

There were none reported for the year ended June 30, 2003.

Section II – Internal Control and Compliance Material to Federal Awards

Start Corporation did not receive federal awards in excess of $300,000 during the year ended June 30, 2003 and therefore is exempt from the audit requirements under the Single Audit Act and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

Section III – Management Letter

No management letter was issued for the year ended June 30, 2003.

START CORPORATION
MANAGEMENT CORRECTIVE ACTION PLAN
For the Year Ended June 30, 2004

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

No findings were reported which require a response from management.

Section II – Internal Control and Compliance Material to Federal Awards

Not applicable.

Section III – Management Letter

No management letter was issued.