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Financial Report

***Raintree Services, Inc.
and Subsidiary***

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 1-26-05

TABLE OF CONTENTS

Raintree Services, Inc. and Subsidiary

June 30, 2004

	<u>Exhibits</u>	<u>Page Number</u>
Financial Section		
Independent Auditor's Report		1 - 2
Consolidated Statement of Financial Position	A	3
Consolidated Statement of Activities	B	4
Consolidated Statement of Functional Expenses	C	5
Consolidated Statement of Cash Flows	D	6
Notes to Financial Statements	E	7 - 14
	<u>Schedules</u>	
Supplemental Information		
Consolidating Statement of Financial Position	1	15
Consolidating Statement of Activities	2	16 - 17
Schedule of Support, Revenue, and Expenses Prepared for the United Way for the Greater New Orleans Area	3	18
Special Reports of Certified Public Accountants		
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of the Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>		19 - 20
Schedule of Findings and Questioned Costs		21
Reports By Management		
Schedule of Prior Year Findings and Questioned Costs		22
Management's Corrective Action Plan		23

FINANCIAL SECTION



Bourgeois Bennett

INDEPENDENT AUDITOR'S REPORT

The Members of the Board of Directors,
Raintree Services, Inc.

We have audited the accompanying consolidated statement of financial position of Raintree Services, Inc. (a non-profit organization) and subsidiary as of June 30, 2004, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Raintree Services, Inc. and subsidiary as of June 30, 2004, and the results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The accompanying supplemental information (Schedules 1 and 2) is presented for the purposes of additional analysis and is not a required part of the basic consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole. The supplemental information in the schedule of support, revenue, and expenses prepared for the United Way for the Greater New Orleans Area is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion on it.

In accordance with Government Auditing Standards, we have also issued our report dated October, 11, 2004, on our consideration of Raintree Services, Inc.'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.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Metairie, Louisiana,
October 11, 2004.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION**Raintree Services, Inc. and Subsidiary**

June 30, 2004

Assets

Cash and cash equivalents	\$ 536,238
Service fees receivable	322,993
Accrued interest receivable	5,949
Unconditional promises to give	7,500
United Way receivable	22,044
Prepaid and other	72,139
Investments	1,935,197
Property and equipment, net of accumulated depreciation	<u>462,590</u>

Total assets	<u><u>\$ 3,364,650</u></u>
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Liabilities

Accounts payable	\$ 94,657
Accrued vacation	<u>38,512</u>

Total liabilities	<u>133,169</u>
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Net Assets

Unrestricted	
Designated for special projects	955,126
Undesignated	<u>2,239,311</u>

Total unrestricted net assets	3,194,437
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Temporarily restricted	<u>37,044</u>
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Total net assets	<u>3,231,481</u>
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Total liabilities and net assets	<u><u>\$ 3,364,650</u></u>
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See notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF ACTIVITIES**Raintree Services, Inc. and Subsidiary**

For the year ended June 30, 2004

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and Revenues			
Raintree House program	\$ 379,310		\$ 379,310
Therapeutic Family Care program	400,485		400,485
Drug-free Schools program	40,811		40,811
Case Management program	1,352,657		1,352,657
Private Family Care program	58,466		58,466
Contributions	67,155	\$ 15,000	82,155
United Way allocations	4,557	22,044	26,601
Investment income	196,942		196,942
Special event income (net of \$15,569 expenses)	66,386		66,386
	<hr/>	<hr/>	<hr/>
Total support and revenues	2,566,769	37,044	2,603,813
Net assets released from restrictions:			
Expiration of time restrictions	31,482	(31,482)	-
	<hr/>	<hr/>	<hr/>
Total revenues, support and net assets released from restrictions	2,598,251	5,562	2,603,813
Expenses			
Program services:			
Raintree House	386,123		386,123
Therapeutic Family Care	359,209		359,209
Drug-free Schools	48,047		48,047
Case Management	1,138,999		1,138,999
Private Family Care	59,965		59,965
General and administrative	345,504		345,504
Fundraising	9,648		9,648
	<hr/>	<hr/>	<hr/>
Total Expenses	2,347,495	-	2,347,495
Change in Net Assets	250,756	5,562	256,318
Net Assets			
Beginning of year, as restated	2,943,681	31,482	2,975,163
	<hr/>	<hr/>	<hr/>
End of year	<u>\$ 3,194,437</u>	<u>\$ 37,044</u>	<u>\$ 3,231,481</u>

See notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Raintree Services, Inc. and Subsidiary

For the year ended June 30, 2004

Program Services

	Raintree House	Therapeutic Family Care	Drug-free Schools	Case Management	Private Family Care	Total	General and Administrative	Fundraising	Totals
Advertising and promotion	\$ 1,078	\$ 880	\$ -	\$ 5,366	\$ 405	\$ 7,729	\$ 8,560	\$ -	\$ 16,289
Bad debts	4,183	3,870	-	-	961	9,014	-	-	9,014
Bank charges	-	-	-	-	-	-	8,450	-	8,450
Consultants	5,630	1,670	-	4,423	970	12,693	2,798	-	15,491
Contracted services	547	-	19,698	10,165	-	30,410	181	-	30,591
Dietary expenses	21,756	219	-	-	-	21,975	-	-	21,975
Dues and subscriptions	500	700	-	100	250	1,550	3,216	-	4,766
Foster care parent expenses	-	272,773	-	-	31,382	304,155	-	-	304,155
Health insurance	19,017	6,721	-	95,256	1,149	122,143	7,941	-	130,084
Housekeeping and laundry	4,549	-	-	-	-	4,549	-	-	4,549
Insurance	28,410	319	142	4,860	109	33,840	49,412	-	83,252
Licenses and permits	544	25	-	1,200	25	1,794	-	-	1,794
Medical	2,027	-	-	-	-	2,027	-	-	2,027
Occupancy:									
Depreciation	14,817	-	-	6,573	-	21,390	10,077	-	31,467
Maintenance, buildings and grounds	834	-	-	1,429	-	2,263	4,993	-	7,256
Outside services	2,262	-	-	-	-	2,262	-	-	2,262
Rent	-	-	-	62,755	-	62,755	-	-	62,755
Repairs, buildings and grounds	1,350	-	-	-	-	1,350	1,415	-	2,765
Repairs, furniture and equipment	2,711	-	-	1,648	-	4,359	1,071	-	5,430
Supplies	-	-	-	-	-	-	376	-	376
Utilities	19,368	-	-	1,071	-	20,439	5,208	-	25,647
Other	1,976	2,472	-	7,929	573	12,950	16,226	-	29,176
Payroll taxes	15,599	5,073	1,614	58,401	1,520	82,207	12,435	-	94,642
Personal client needs	7,538	-	-	-	-	7,538	-	-	7,538
Postage	-	-	-	4,997	-	4,997	2,976	-	7,973
Printing and office supplies	582	-	436	12,991	-	14,009	14,738	9,648	38,395
Professional services	316	787	25	1,141	141	2,410	14,063	-	16,473
Recreational expenses	5,378	-	-	-	-	5,378	-	-	5,378
Salaries	209,893	57,815	21,729	786,581	20,514	1,096,532	167,375	-	1,263,907
Telephone	1,826	1,278	57	22,046	465	25,672	8,433	-	34,105
Therapeutic and training supplies	8,251	1,458	3,739	2,016	992	16,456	2,137	-	18,593
Travel and seminars	5,181	3,149	607	48,051	509	57,497	3,423	-	60,920
Totals	\$ 386,123	\$ 359,209	\$ 48,047	\$ 1,138,999	\$ 59,965	\$ 1,992,343	\$ 345,504	\$ 9,648	\$ 2,347,495

See notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS**Raintree Services, Inc. and Subsidiary**

For the year ended June 30, 2004

Cash Flows From Operating Activities:

Change in net assets	\$ 256,318
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	31,467
Losses on sales and maturities of investments	13,740
Unrealized gains on investments	(144,130)
(Increase) decrease in operating assets:	
Service fees receivable	33,310
Accrued interest receivable	(201)
Unconditional promises to give United Way receivable	(500)
Prepaid and other	2,438
Increase (decrease) in operating liabilities	(30,185)
Accounts payable	46,955
Accrued vacation	1,638
	<hr/>
Net cash provided by operating activities	210,850

Cash Flows From Investing Activities:

Purchase of investments	(364,140)
Proceeds from sales and maturities of investments	311,436
Purchase of property and equipment	(44,759)
	<hr/>
Net cash used in investing activities	(97,463)

Net Increase in Cash and Cash Equivalents

113,387

Cash and Cash Equivalents

Beginning of year	<hr/> 422,851
End of year	<hr/> <u>\$ 536,238</u>

See notes to consolidated financial statements.

NOTES CONSOLIDATED TO FINANCIAL STATEMENTS**Raintree Services, Inc. and Subsidiary**

June 30, 2004

Note 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**a) Nature of Activities**

Raintree Services, Inc. (the "Agency"), a non-profit organization incorporated under the laws of the State of Louisiana, provides services and support to children through young adults in the community. The Agency provides these services through five programs: The Raintree House program, The Therapeutic Family Care program (formerly Raintree Family Care Program), the Case Management program, the Drug-free Schools program, and the Private Family Care program. The majority of funding for the Raintree House program, the Therapeutic Family Care program, the Case Management program, and the Private Family Care program is through contracted rates with various agencies of the State of Louisiana for services provided. For the year ended June 30, 2004, the Agency received a subgrant funded by the Federal Government from the Governor's Council on Drug-free Schools and Communities.

b) Basis of Accounting

The consolidated financial statements of the Raintree Services, Inc. and Subsidiary are prepared on the accrual basis of accounting and accordingly, reflect all significant receivables, payables, and other liabilities.

c) Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements for Not-For-Profit Organizations." Under SFAS No. 117, net assets, revenues and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Agency and changes therein are classified and reported as follows:

Note 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Basis of Presentation

Unrestricted Net Assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Agency and/or the passage of time.

Permanently Restricted Net Assets - Net assets subject to donor - imposed stipulations that they be maintained permanently by the Agency. Generally, the donors of these assets permit the Agency to use all or part of the income earned *on related investments for general or specific purposes.*

d) Principles of Consolidation

The consolidated financial statements include the accounts of the Agency and its wholly owned subsidiary, Raintree Case Management, LLC. Raintree Case Management, LLC (the "subsidiary") was organized in August 2001 for the purpose of contracting with the State of Louisiana Department of Health and Hospitals to provide Case Management services to mentally retarded, developmentally disabled, adult disabled, elderly, infants and toddlers and HIV participants. The subsidiary is currently contracted to provide these services through February 2005. All significant intercompany balances and transactions between the Agency and its wholly-owned subsidiary have been eliminated.

e) Estimates

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

f) Cash and Cash Equivalents

For the purposes of the statements of cash flows, the Agency considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Note 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Service Fees Receivable

Service fees receivable consists primarily of unsecured amounts due from various governmental agencies. All accounts are considered fully collectible by management. Accordingly, no provision for doubtful accounts is considered necessary.

h) Promises to Give

Contributions are recognized when the donor makes a promise to give that is, in substance, unconditional. Conditional promises to give are recognized when the conditions on which they depend are substantially met. For the year ended June 30, 2004, all promises to give were recognized as assets and revenues. All promises are deemed by management to be collectible.

i) 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.

j) Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities and certificates of deposits are measured at fair value in the statement of financial position. Investment income or loss (including gains and losses on investments, interest, and dividends) is included in the statement of activities as increases or decreases in unrestricted net assets unless the income is restricted by donor or law.

Note 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Property and Equipment

Property and equipment acquired prior to 1979, which primarily consists of the land and building, are recorded at their appraised fair market value at June 30, 1979, because historical costs were not available. Other items of property and equipment are recorded at cost, if purchased, or at fair market value at the date of donation, if donated. Depreciation is computed using the straight-line method over the estimated useful life of each asset.

l) Donated Services of Volunteers

Donated services have not been reflected in the financial statements since no objective basis is available to measure the value of such services. A substantial number of volunteers donate significant amounts of their time in the Agency's program and supporting services.

m) Allocated Expenses

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

n) Income Taxes

The Agency has received a letter of determination from the Internal Revenue Service advising that it qualifies as a non-profit corporation under Section 501(c)(3) of the Internal Revenue Code, and therefore, is not subject to income tax.

**Exhibit E
(Continued)**

Note 2 - INVESTMENTS

At June 30, 2004, marketable securities consisted of the following:

	<u>Cost</u>	<u>Market</u>	<u>Unrealized Gain (Loss)</u>
Stocks:			
Undesignated	\$ 215,559	\$ 348,131	\$132,572
Designated (See Note 8)	673,983	923,113	249,130
Certificates of Deposit -			
Undesignated	87,018	87,018	-
Corporate Bonds -			
Undesignated	<u>580,400</u>	<u>576,935</u>	<u>(3,465)</u>
Total	<u>\$1,556,960</u>	<u>\$1,935,197</u>	<u>\$378,237</u>

	<u>Cost</u>	<u>Market Value</u>	<u>Excess of Market Value Over Cost</u>
Balances at June 30, 2004	<u>\$1,556,960</u>	<u>\$1,935,197</u>	\$378,237
Balances at July 1, 2003	<u>\$1,517,996</u>	<u>\$1,752,103</u>	<u>234,107</u>
Increase in unrealized appreciation			<u>\$144,130</u>

Investment income for the year ended June 30, 2004 is summarized as follows:

Interest	\$ 36,494
Dividends	30,014
Royalties	44
Loss on sales and maturities of investments	(13,740)
Unrealized gains	<u>144,130</u>
Total investment income	<u>\$ 196,942</u>

Note 3 - PROPERTY AND EQUIPMENT

A summary of property and equipment is as follows:

Land	\$ 90,000
Buildings and improvements	882,705
Furniture and equipment	329,487
Automobiles	<u>24,492</u>
	1,326,684
Less accumulated depreciation	<u>864,094</u>
Totals	<u>\$ 462,590</u>

Depreciation expense for the year ended June 30, 2004 was \$31,467.

Note 4 - RESTRICTIONS ON NET ASSETS

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

For operations of subsequent periods	\$22,044
Program expenses	<u>15,000</u>
Total	<u>\$37,044</u>

Note 5 - CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Agency to risk include cash and equivalents on deposit with financial institutions. These balances are insured by the Federal Deposit Insurance Corporation up to \$100,000 at each bank and by the Securities Investor Protection Corporation up to \$500,000 at each investment brokerage firm (with a limit of \$100,000 for cash). At June 30, 2004, the Agency's uninsured cash balances were approximately \$475,000.

Note 6 - ECONOMIC DEPENDENCY

During the year ended June 30, 2004, the agency received \$838,261, approximately 38% of its program revenues, through the State of Louisiana, Department of Social Services in the form of a per diem rate set by their office. Should the contracted services be discontinued or the per diem contract rate be substantially reduced, the Agency would be required to look to other sources of funding in order to maintain its present level of service.

Additionally, during the years ended June 30, 2004, the agency received \$1,352,657, approximately 61% of its program revenues, in the form of Medicaid reimbursements.

Note 7 - COMMITMENTS AND CONTINGENCIES

The Company leases office space under an operating lease which expires in February 2005. Rent expense under this lease amounted to \$47,155 for 2004. The minimum lease payments for the year ending June 30, 2005 will be \$35,437.

Note 8 - DESIGNATION OF NET ASSETS

Net assets include amounts designated by the Board of Directors to be used for special projects, which are maintained in an investment brokerage account designated as an endowment. The Board retains control over the account, and may at its discretion, subsequently use these funds for other purposes. Activity of the endowment account during 2004 consists of the following:

Balance at July 1, 2003	\$815,337
Income recognized	<u>139,789</u>
Balance at June 30, 2004	<u>\$955,126</u>

Note 9 - CORRECTION OF ERROR

An error was made in prior years in accounting for accrued vacation. The Agency's policy allows employees to carry up to 18 days of unused leave into the subsequent year based on the employees years of service. As of June 30, 2003, the unrecorded accrued vacation obligation was \$36,874. Net assets at July 1, 2003 were over stated by \$36,874, and have been restated to correct the error.

Note 9 - CORRECTION OF ERROR (Continued)

	<u>Unrestricted Net Assets</u>	<u>Temporarily Restricted Net Assets</u>	<u>Total</u>
Net assets at July 1, 2003, as previously reported	\$2,980,555	\$31,482	\$3,012,037
Correction of error in accounting for accrued vacation	<u>(36,874)</u>	-	<u>(36,874)</u>
Net assets at July 1, 2003, as restated	<u>\$2,943,681</u>	<u>\$31,482</u>	<u>\$2,975,163</u>

SUPPLEMENTAL INFORMATION

CONSOLIDATING STATEMENT OF FINANCIAL POSITION**Raintree Services, Inc. and Subsidiary**

June 30, 2004

	Raintree Services, Inc.	Raintree Case Management, L.L.C.	Eliminations	Total
Assets				
Cash and cash equivalents	\$ 457,458	\$ 78,780		\$ 536,238
Service fees receivable	401,673	157,224	\$ (235,904)	322,993
Accrued interest receivable	5,949			5,949
Unconditional promises to give	7,500			7,500
United Way receivable	22,044			22,044
Prepaid and other	72,139			72,139
Investments	1,935,197			1,935,197
Property and equipment, net of accumulated depreciation	462,590			462,590
Total assets	\$ 3,364,550	\$ 236,004	\$ (235,904)	\$ 3,364,650
Liabilities				
Accounts payable	\$ 94,557	\$ 236,004	\$ (235,904)	\$ 94,657
Accrued vacation	38,512			38,512
Total liabilities	133,069	236,004	(235,904)	133,169
Net Assets				
Unrestricted	3,194,437	-	-	3,194,437
Temporarily restricted	37,044	-	-	37,044
Total net assets	3,231,481	-	-	3,231,481
Total liabilities and net assets	\$ 3,364,550	\$ 236,004	\$ (235,904)	\$ 3,364,650

CONSOLIDATING STATEMENT OF ACTIVITIES

Raintree Services, Inc. and Subsidiary

For the year ended June 30, 2004

	Raintree Services, Inc.			Raintree Case Management, LLC		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Support and Revenues						
Raintree House program	\$ 379,310		\$ 379,310			
Therapeutic Family Care program	400,485		400,485			
Drug-free Schools program	40,811		40,811			
Case Management program	1,352,657		1,352,657	\$ 1,107,358		\$ 1,107,358
Private Family Care program	58,466		58,466			-
Contributions	67,155	\$ 15,000	82,155			-
United Way allocations	4,557	22,044				-
Investment income	196,942		196,942			-
Special event income (net of \$15,569 expenses)	66,386		66,386			-
Total support and revenues	2,566,769	37,044	2,577,212	1,107,358		1,107,358
Net assets released from restrictions:						
Expiration of time restrictions	31,482	(31,482)	-			
Total revenues, support and net assets released from restrictions	2,598,251	5,562	2,577,212	1,107,358		1,107,358
Expenses						
Program services:						
Raintree House	386,123		386,123			-
Therapeutic Family Care	359,209		359,209			-
Drug-free Schools	48,047		48,047			-
Case Management	1,138,999		1,138,999	1,107,358		1,107,358
Private Family Care	59,965		59,965			-
General and administrative	345,504		345,504			-
Fundraising	9,648		9,648			-
Total expenses	2,347,495	-	2,347,495	1,107,358		1,107,358
Change in Net Assets	250,756	5,562	229,717	-		-
Net Assets						
Beginning of year, as restated	2,943,681	31,482	2,975,163	-		-
End of year	<u>\$ 3,194,437</u>	<u>\$ 37,044</u>	<u>\$ 3,204,880</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Unrestricted	Eliminations		Unrestricted	Consolidated	
	Temporarily Restricted	Total		Temporarily Restricted	Total
			\$ 379,310		\$ 379,310
			400,485		400,485
			40,811		40,811
\$ (1,107,358)		\$ (1,107,358)	1,352,657		1,352,657
			58,466		58,466
			67,155	\$ 15,000	82,155
			4,557	22,044	26,601
			196,942		196,942
			66,386		66,386
(1,107,358)		(1,107,358)	2,566,769	37,044	2,603,813
			31,482	(31,482)	-
(1,107,358)		(1,107,358)	2,598,251	5,562	2,603,813
			-		386,123
			-		359,209
			-		48,047
(1,107,358)		(1,107,358)	1,138,999		1,138,999
			-		59,965
			-		345,504
			-		9,648
(1,107,358)		(1,107,358)	2,347,495	-	2,347,495
-		-	250,756	5,562	256,318
-		-	2,943,681	31,482	2,975,163
\$ -	\$ -	\$ -	\$ 3,194,437	\$ 37,044	\$ 3,231,481

SCHEDULE OF SUPPORT, REVENUE, AND EXPENSES PREPARED FOR THE UNITED WAY FOR THE GREATER NEW ORLEANS AREA

Raintree Services, Inc. and Subsidiary

For the period from July 1, 2003 - June 30, 2004 (Unaudited)

	AGENCY TOTAL (SUM 2 + 3)	SUPPORTING SERVICES Management & General	TOTAL PROGRAM SERVICES SUM (4 to 6)	PROGRAM SERVICES		
				Raintree House & Foster Care	Support Coordination	After School Services
1	2	3	4	5	6	
REVENUE:						
1 4200 BOARD GENERATED SELF SUPPORT	\$ 164,110	\$ 164,110	\$ -	\$ -	\$ -	
2 4201 CLIENT GENERATED SELF SUPPORT	2,231,729	-	2,231,729	838,261	40,811	
3 5000 GOVERNMENT GRANTS/CONTRACTS	-	-	-	-	-	
4 6700 OTHER REVENUE	35,000	35,000	-	-	-	
5 TOTAL SELF GENERATED REVENUE	2,430,839	199,110	2,231,729	838,261	40,811	
6 4702 UNITED WAY DESIGNATIONS	4,557	4,557	-	-	-	
7 4703 CFC DESIGNATIONS	-	-	-	-	-	
8 4704 OTHER UNITED WAY ALLOCATIONS	-	-	-	-	-	
9 TOTAL REVENUE	2,435,396	203,667	2,231,729	838,261	40,811	
10 4701 UNITED WAY ALLOCATION - UNO	22,044	-	22,044	-	22,044	
11 GRAND TOTAL REVENUE	\$ 2,457,440	\$ 203,667	\$ 2,253,773	\$ 838,261	\$ 62,855	
EXPENSES:						
12 7300 COMPENSATION EXPENSES	\$ 1,621,664	\$ 187,751	\$ 1,433,913	\$ 470,332	\$ 23,343	
13 8400 OCCUPANCY EXPENSES	122,870	15,820	107,050	39,440	-	
14 8700 TRAVEL & TRANSPORTATION EXP.	68,034	3,423	64,611	16,132	607	
15 8900 SPECIFIC ASSISTANCE	192,299	-	192,299	192,299	-	
16 9402 BOARD GENERATED SELF SUPPORT	15,569	15,569	-	-	-	
17 9400 OTHER DIRECT PROGRAM/SUPPORT	317,411	122,941	194,470	87,094	24,097	
18 GRAND TOTAL EXPENSES	\$ 2,337,847	\$ 345,504	\$ 1,992,343	\$ 805,297	\$ 48,047	
19 NET DIFFERENCE	\$ 119,593	\$ (141,837)	\$ 261,430	\$ 32,964	\$ 14,808	
20 9500 DEPRECIATION	\$ 31,223	\$ 10,077	\$ 21,146	\$ 14,573	\$ 6,573	

EXPENSES ANALYSIS:

20-Total Direct Program Expenses	\$ 805,297	\$ 1,138,999	\$ 48,047
21-Percent of Total Program Expenses	40.42%	57.17%	2.41%
22-Distribution of M & G Expenses	\$ 120,926	\$ 215,247	\$ 9,329
23-Grand Total Program Expenses	\$ 926,223	\$ 1,354,246	\$ 57,376
24-Projected Undup. People Served	80	971	208
25-Cost per Person	\$ 11,578	\$ 1,395	\$ 276

Raintree Services, Inc.
(See Accountant's Disclaimer of Opinion)

SPECIAL REPORTS 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 Members of the Board of Directors,
Raintree Services, Inc.

We have audited the consolidated financial statements of Raintree Services, Inc. (a nonprofit organization) and subsidiary as of and for the year ended June 30, 2004, and have issued our report thereon dated October 11, 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 Raintree Services, Inc. and subsidiary'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 Raintree Services, Inc. and subsidiary'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 solely for the information and use of the Board of Directors, management, The Bureau of Consolidated Educational Programs, Office of Educational Support Programs and the Legislative Auditor for the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Metairie, Louisiana,
October 11, 2004.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Raintree Services, Inc.

For the year ended June 30, 2004

Section I - Summary of Auditor's Results

a) Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? ___ yes X no

b) Federal Awards

Raintree Services, Inc. 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 Government, and Non-Profit Organization.

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

No t applicable.

REPORTS BY MANAGEMENT

**SCHEDULE OF PRIOR YEAR FINDINGS
AND QUESTIONED COSTS**

Raintree Services, Inc.

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

Raintree Services, Inc. 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 Government, and Non-Profit Organization.

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

Raintree Services, Inc.

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 statement for the year ended June 30, 2004.

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

Compliance

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

Section II - Internal Control and Compliance Material To Federal Awards

Raintree Services, Inc. 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 Government, and Non-Profit Organization.

Section III - Management Letter

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