

Financial Report

Lafourche ARC

Thibodaux, Louisiana

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

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FINANCIAL SECTION



Bourgeois Bennett

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors,
Lafourche ARC,
Thibodaux, Louisiana.

We have audited the accompanying statements of financial position of Lafourche ARC (the Association), a nonprofit organization, as of June 30, 2004 and 2003, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Association as of June 30, 2004 and 2003, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated November 2, 2004, on our consideration of the Association'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.

Bougeois Bennett, L.L.C.

Certified Public Accountants.

Houma, Louisiana,
November 2, 2004.

STATEMENTS OF FINANCIAL POSITION**Lafourche ARC**

June 30, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Assets		
Cash	\$ 2,303,336	\$ 1,450,461
Due from State of Louisiana	1,610,394	1,492,279
Investments	2,484,144	2,406,658
Accounts receivable	123,338	140,717
Unconditional promises to give	73,962	149,011
Deposits	32,589	45,908
Buildings, furniture and equipment, net	<u>1,604,327</u>	<u>1,567,464</u>
Totals	<u>\$ 8,232,090</u>	<u>\$ 7,252,498</u>
Liabilities		
Accounts payable and accrued liabilities	\$ 442,325	\$ 357,453
Notes payable	<u>29,626</u>	<u>39,847</u>
Total liabilities	<u>471,951</u>	<u>397,300</u>
Net Assets		
Unrestricted	7,686,177	6,706,187
Temporarily restricted	<u>73,962</u>	<u>149,011</u>
Total net assets	<u>7,760,139</u>	<u>6,855,198</u>
Totals	<u>\$ 8,232,090</u>	<u>\$ 7,252,498</u>

See notes to financial statements.

STATEMENTS OF ACTIVITIES**Lafourche ARC**

For the years ended June 30, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Changes in Unrestricted Net Assets		
Support and Revenues		
Support:		
Group Services:		
Habilitation services	\$ 7,474,596	\$ 5,711,050
Residential services	2,544,398	2,585,867
Governmental Grants:		
Office for Citizens with Developmental Disabilities	369,478	364,976
Client income	187,333	175,588
State of Louisiana - Hotel/Motel Tax	90,000	77,889
Sheltered workshop, net of \$243,307 (\$223,071 in 2003) of direct costs	59,623	86,641
State of Louisiana - Funding for new equipment	56,003	-
Contributions	10,559	9,435
Total unrestricted support	<u>10,791,990</u>	<u>9,011,446</u>
Revenues:		
Investment return	92,431	88,103
Miscellaneous	650	370
Total unrestricted revenue	<u>93,081</u>	<u>88,473</u>
Net Assets Released from Restrictions		
Expiration of time restrictions	<u>75,049</u>	<u>20,658</u>
Total unrestricted support, revenue and net assets released from restrictions	<u>10,960,120</u>	<u>9,120,577</u>
Expenses		
Program services:		
Medical and nursing	58,112	47,010
Therapeutic and training	7,956,501	6,889,280
Recreational	6,610	7,572
Consultants	156,602	188,617
Total program services	<u>8,177,825</u>	<u>7,132,479</u>
Support services:		
Administrative and general	1,283,768	1,090,918
Plant operations and maintenance	158,128	134,118
Costs related to capital assets	220,326	221,935
Dietary	94,936	102,138
Laundry and linen	5,423	4,914
Housekeeping supplies	21,006	21,004
Personal client needs	18,718	17,819
Total support services	<u>1,802,305</u>	<u>1,592,846</u>
Total expenses	<u>9,980,130</u>	<u>8,725,325</u>
Increase in unrestricted net assets (carryforward)	979,990	395,252

**Exhibit B
(Continued)**

	<u>2004</u>	<u>2003</u>
Increase in unrestricted net assets (broughtforward)	<u>979,990</u>	<u>395,252</u>
Changes in Temporarily Restricted Net Assets		
State of Louisiana - funding for new equipment	26,815	80,090
Net assets released from restrictions:		
Satisfaction of time restrictions	<u>(101,864)</u>	<u>(20,658)</u>
Increase (decrease) in temporarily restricted net assets	<u>(75,049)</u>	<u>59,432</u>
Increase in Net Assets	904,941	454,684
Net Assets		
Beginning of year	<u>6,855,198</u>	<u>6,400,514</u>
End of year	<u>\$ 7,760,139</u>	<u>\$ 6,855,198</u>

See notes to financial statements.

STATEMENT OF FUNCTIONAL EXPENSES

Lafourche ARC

For the year ended June 30, 2004

	<u>Program Services</u>				
	<u>Medical and Nursing</u>	<u>Therapeutic and Training</u>	<u>Recrea- tional</u>	<u>Consultants</u>	<u>Totals</u>
Bed fees	\$ -	\$ -	\$ -	\$ -	\$ -
Central office	-	-	-	-	-
Clothing	-	-	-	-	-
Contracts - outside services	-	-	-	156,602	156,602
Depreciation	-	-	-	-	-
Food	-	-	-	-	-
Habilitation	-	107,409	-	-	107,409
Insurance	-	-	-	-	-
Interest	-	-	-	-	-
Lease	-	-	-	-	-
Licenses	-	-	-	-	-
Linen and bedding	-	-	-	-	-
Maintenance and repairs	-	-	-	-	-
Medical services	26,543	-	-	-	26,543
Other	10,311	-	-	-	10,311
Postage	-	-	-	-	-
Prescriptions	11,853	-	-	-	11,853
Professional fees	-	-	-	-	-
Salaries, payroll taxes and benefits	-	7,847,636	-	-	7,847,636
Supplies	9,405	1,456	6,610	-	17,471
Telephone	-	-	-	-	-
Training-in-service	-	-	-	-	-
Travel and seminars	-	-	-	-	-
Utilities	-	-	-	-	-
Vehicles - gas, oil and repairs	-	-	-	-	-
Total expenses	<u>\$ 58,112</u>	<u>\$ 7,956,501</u>	<u>\$ 6,610</u>	<u>\$ 156,602</u>	<u>\$ 8,177,825</u>

See notes to financial statements.

Supporting Services

Admini- strative and General	Plant Operations and Maintenance	Costs Related to Capital Assets	Dietary	Laundry and Linen	House- keeping Supplies	Personal Client Needs	Totals	Grand Totals
\$ 137,565	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 137,565	\$ 137,565
524,049	-	-	-	-	-	-	524,049	524,049
-	-	-	-	-	-	10,490	10,490	10,490
-	-	-	9,234	-	-	-	9,234	165,836
-	-	172,926	-	-	-	-	172,926	172,926
-	-	-	78,410	-	-	-	78,410	78,410
-	-	-	-	-	-	-	-	107,409
299,353	-	-	-	-	-	-	299,353	299,353
897	-	-	-	-	-	-	897	897
-	-	47,400	-	-	-	-	47,400	47,400
4,935	-	-	-	-	-	-	4,935	4,935
-	-	-	-	962	-	-	962	962
-	77,915	-	-	-	-	-	77,915	77,915
-	-	-	-	-	-	-	-	26,543
43,781	-	-	-	-	-	8,228	52,009	62,320
615	-	-	-	-	-	-	615	615
-	-	-	-	-	-	-	-	11,853
22,863	-	-	-	-	-	-	22,863	22,863
-	-	-	-	-	-	-	-	7,847,636
40,440	-	-	7,292	4,461	21,006	-	73,199	90,670
29,044	-	-	-	-	-	-	29,044	29,044
2,357	-	-	-	-	-	-	2,357	2,357
100,674	-	-	-	-	-	-	100,674	100,674
-	80,213	-	-	-	-	-	80,213	80,213
77,195	-	-	-	-	-	-	77,195	77,195
<u>\$ 1,283,768</u>	<u>\$ 158,128</u>	<u>\$ 220,326</u>	<u>\$ 94,936</u>	<u>\$ 5,423</u>	<u>\$ 21,006</u>	<u>\$ 18,718</u>	<u>\$ 1,802,305</u>	<u>\$ 9,980,130</u>

STATEMENT OF FUNCTIONAL EXPENSES

Lafourche ARC

For the year ended June 30, 2003

	<u>Program Services</u>				
	<u>Medical and Nursing</u>	<u>Therapeutic and Training</u>	<u>Recrea- tional</u>	<u>Consultants</u>	<u>Totals</u>
Bed fees	\$ -	\$ -	\$ -	\$ -	\$ -
Central office	-	-	-	-	-
Clothing	-	-	-	-	-
Contracts - outside services	-	-	-	188,617	188,617
Depreciation	-	-	-	-	-
Disposal of assets	-	-	-	-	-
Food	-	-	-	-	-
Habilitation	-	101,377	-	-	101,377
Insurance	-	-	-	-	-
Interest	-	-	-	-	-
Lease	-	-	-	-	-
Licenses	-	-	-	-	-
Linen and bedding	-	-	-	-	-
Maintenance and repairs	-	-	-	-	-
Medical services	21,321	-	-	-	21,321
Other	7,990	-	-	-	7,990
Postage	-	-	-	-	-
Prescriptions	9,944	-	-	-	9,944
Professional fees	-	-	-	-	-
Salaries, payroll taxes and benefits	-	6,787,733	-	-	6,787,733
Supplies	7,755	170	7,572	-	15,497
Telephone	-	-	-	-	-
Training-in-service	-	-	-	-	-
Travel and seminars	-	-	-	-	-
Utilities	-	-	-	-	-
Vehicles - gas, oil and repairs	-	-	-	-	-
Total expenses	<u>\$ 47,010</u>	<u>\$ 6,889,280</u>	<u>\$ 7,572</u>	<u>\$ 188,617</u>	<u>\$ 7,132,479</u>

See notes to financial statements.

Supporting Services								
Admini- strative and General	Plant Operations and Maintenance	Costs Related to Capital Assets	Dietary	Laundry and Linen	House- keeping Supplies	Personal Client Needs	Totals	Grand Totals
\$ 141,030	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 141,030	\$ 141,030
442,173	-	-	-	-	-	-	442,173	442,173
-	-	-	-	-	-	8,419	8,419	8,419
-	-	-	8,657	-	-	-	8,657	197,274
-	-	174,168	-	-	-	-	174,168	174,168
-	-	367	-	-	-	-	367	367
-	-	-	82,353	-	-	-	82,353	82,353
-	-	-	-	-	-	-	-	101,377
245,909	-	-	-	-	-	-	245,909	245,909
772	-	-	-	-	-	-	772	772
-	-	47,400	-	-	-	-	47,400	47,400
5,173	-	-	-	-	-	-	5,173	5,173
-	-	-	-	440	-	-	440	440
-	64,203	-	-	-	-	-	64,203	64,203
-	-	-	-	-	-	-	-	21,321
38,199	-	-	-	-	-	9,400	47,599	55,589
599	-	-	-	-	-	-	599	599
-	-	-	-	-	-	-	-	9,944
15,500	-	-	-	-	-	-	15,500	15,500
-	-	-	-	-	-	-	-	6,787,733
35,316	-	-	11,128	4,474	21,004	-	71,922	87,419
23,960	-	-	-	-	-	-	23,960	23,960
2,117	-	-	-	-	-	-	2,117	2,117
82,279	-	-	-	-	-	-	82,279	82,279
-	69,915	-	-	-	-	-	69,915	69,915
57,891	-	-	-	-	-	-	57,891	57,891
<u>\$ 1,090,918</u>	<u>\$ 134,118</u>	<u>\$ 221,935</u>	<u>\$ 102,138</u>	<u>\$ 4,914</u>	<u>\$ 21,004</u>	<u>\$ 17,819</u>	<u>\$ 1,592,846</u>	<u>\$ 8,725,325</u>

STATEMENTS OF CASH FLOWS**Lafourche ARC**

For the years ended June 30, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Cash Flows from Operating Activities		
Increase in net assets	\$ 904,941	\$ 454,684
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	172,926	174,168
Loss on disposition of assets	-	367
Net realized and unrealized gains on investments	(37,106)	(7,658)
Decrease (increase) in operating assets:		
Receivables	(100,736)	276,963
Unconditional promises to give	75,049	(59,432)
Deposits	13,319	(4,421)
Increase in operating liabilities:		
Accounts payable	84,872	42,504
Revenue restricted for the acquisition of vehicles:		
State of Louisiana grant - funding for new equipment	(26,815)	(80,090)
Total adjustments	<u>181,509</u>	<u>342,401</u>
Net cash provided by operating activities	<u>1,086,450</u>	<u>797,085</u>
Cash Flows from Investing Activities		
Purchase of investments	(2,540,087)	(2,924,193)
Proceeds from maturity of investments	2,499,707	2,862,053
Purchase of buildings and improvements	(18,617)	(3,986)
Purchase of vehicles	(159,808)	(8,716)
Proceeds from sale of vehicles	-	15,450
Purchase of furniture and equipment	(31,364)	(10,722)
Net cash used in investing activities	<u>(250,169)</u>	<u>(70,114)</u>
Cash Flows from Financing Activities		
Payments on notes payable	(10,221)	(2,791)
Collection of grants for acquisition of vehicles	26,815	80,090
Net cash provided by financing activities	<u>16,594</u>	<u>77,299</u>
Net increase in cash	852,875	804,270
Cash		
Beginning of year	<u>1,450,461</u>	<u>646,191</u>
End of year	<u>\$ 2,303,336</u>	<u>\$ 1,450,461</u>
Supplemental Disclosures		
Interest paid	<u>\$ 897</u>	<u>\$ 772</u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

Lafourche ARC

June 30, 2004 and 2003

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Nature of Organization

Lafourche ARC (the Association) operates six residential community homes and three day care facilities to provide intermediate care and habilitation for the mentally retarded. Three (Country Club, Stevens and Richland) of the six residential community homes operated are owned by the Association while Chackbay, Diplomat Way and Narrow Street community homes are rented. The Association also provides respite services to families of mentally retarded individuals.

b) Financial Statement 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 of Not-for-Profit Organizations". Under SFAS No. 117, the Association is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Association had no permanently restricted net assets at June 30, 2004 and 2003.

c) Basis of Accounting

The financial statements of the Association have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

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 the reported amounts of assets and liabilities and

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Use of Estimates (Continued)

disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of support, revenues and expenses during the reporting period. Actual results could differ from those estimates.

e) Cash and Cash Equivalents

For purposes of the statements of cash flows, the Association considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. The Association had no cash equivalents at June 30, 2004 and 2003.

f) Investments

Investments are comprised of certificates of deposit, U.S. Government securities and other equity securities.

Certificates of deposit, with initial maturity longer than three months, are stated at cost, which approximates fair market value. All other investments have readily determinable fair values and are stated at fair market value. Investment return is shown net of \$11,498 and \$5,645 of investment expenses for the years ended June 30, 2004 and 2003, respectively.

g) Accounts Receivable

The financial statements of the Association contain no allowance for bad debts. Uncollectible receivables are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. These amounts are not considered to be material in relation to the financial position.

h) Buildings, Furniture and Equipment

Buildings, furniture and equipment are stated at cost. Additions and betterments of \$500 or more are capitalized, while maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently. Depreciation is computed on a straight-line basis over the following estimated useful lives:

Buildings and improvements	20 - 30 years
Vehicles	5 - 6 years
Furniture and equipment	5 - 8 years

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Promises to Give

Contributions are recognized when the donor makes a promise to give to the Association that is, in substance, unconditional. Promises to give are recognized as assets and revenues. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions.

Contributions that are restricted by the donor are reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted contributions, if any, are reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or 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.

j) Donated Services

No amounts have been reflected in the financial statements for donated services. The Association pays for most services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Association with specific assistance programs, and various committee assignments.

k) Compensated Absences

On July 1st, all full-time employees receive from 12 to 21 days of leave depending on years of service. These days are to cover both vacation and sick leave. Leave must be taken by September 1st of the next fiscal year or the leave is lost. There is no material accumulated leave at June 30, 2004 and 2003 and accordingly, the financial statements do not include a provision for compensated absences.

l) Functional Expenses

The costs of providing various services and other activities have been summarized on a functional basis in the Statement of Activities and the Statement of Functional Expenses in accordance with cost reporting regulations of the Louisiana Department of Health and Hospitals. Accordingly, certain costs have been allocated among the services and activities benefited. Transactions and resulting balances of charges for services between the Association's programs have been eliminated from the financial statements.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

m) Income Taxes

The Association is a non-profit organization and is exempt from income taxes under Section 501 (c) (3) of the Internal Revenue Code of 1954, as amended. Therefore, no provisions for income taxes have been made.

Note 2 - INVESTMENTS

Investments for the years ended June 30, 2004 and 2003 are as follows:

	<u>June 30, 2004</u>		<u>June 30, 2003</u>	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
U.S. Treasury Notes	\$ 812,277	\$ 819,568	\$ 251,581	\$ 271,845
Government National Mortgage Association Notes	5,199	5,704	11,782	12,656
Federal National Mortgage Association Notes	514,843	507,466	392,496	396,935
Federal Home Loan Mortgage Corporation Notes	306,378	300,747	113,424	113,808
Federal Home Loan Bank Notes	50,000	51,727	50,000	54,782
Federal Farm Credit Bank Bonds	100,000	99,313	-	-
Mutual funds	<u>677,565</u>	<u>699,619</u>	<u>1,573,122</u>	<u>1,556,632</u>
Totals	<u>\$2,466,262</u>	<u>\$2,484,144</u>	<u>\$2,392,405</u>	<u>\$2,406,658</u>

The following schedule summarizes the investment return and its classification in the statement of activities for the years ended:

	<u>June 30, 2004</u>	<u>June 30, 2003</u>
Interest income	\$ 55,325	\$ 80,445
Net realized and unrealized gains	<u>37,106</u>	<u>7,658</u>
Investment return	<u>\$ 92,431</u>	<u>\$ 88,103</u>

Note 3 - DUE FROM STATE OF LOUISIANA

Amounts receivable for residential and habilitation services charged to the State of Louisiana Department of Health and Hospitals are \$1,610,394 and \$1,492,279 at June 30, 2004 and 2003, respectively.

Note 4 - RESTRICTIONS ON ASSETS

Temporarily restricted net assets are restricted by the donor for specific purposes or are available for subsequent periods. All restrictions of net assets as of June 30, 2004 and 2003 relate to time restrictions place on unconditional promises to give. These restrictions are considered to expire when payments are made. Promises to give for the Levert donation are time-restricted for subsequent periods.

Temporarily restricted net assets are available for the following purposes:

	<u>2004</u>	<u>2003</u>
Acquisition of vehicles – State grant	\$ 26,815	\$ 80,090
Levert donation – subsequent periods	<u>47,147</u>	<u>68,921</u>
Total	<u>\$ 73,962</u>	<u>\$149,011</u>

Note 5 - UNCONDITIONAL PROMISES TO GIVE

At the end of June 30, 2004, the State of Louisiana – Department of Transportation and Development has promised the Association funding as part of the FTA Elderly and Disabled Section 5310 funding, for one 8 passenger modified bus and at the end of June 30, 2003, two 8 passenger buses and one 7 passenger bus. The Association pays 20% of the total cost of the vehicles. The donated portion, \$26,815 and \$80,090, is recognized as an unconditional promise to give for the years ended June 30, 2004 and 2003, respectively.

Note 5 - UNCONDITIONAL PROMISES TO GIVE (Continued)

Unconditional promises to give at June 30, 2004 and 2003 consists of the following:

	<u>2004</u>	<u>2003</u>
Funding for new equipment	\$ 26,815	\$ 80,090
Levert donation	<u>50,000</u>	<u>75,000</u>
Gross unconditional promises to give	76,815	155,090
Unamortized discount	<u>(2,853)</u>	<u>(6,079)</u>
Net unconditional promises to give	<u>\$ 73,962</u>	<u>\$149,011</u>
Amounts due in:		
Less than one year	\$51,815	\$105,090
One to five years	<u>25,000</u>	<u>50,000</u>
Totals	<u>\$76,815</u>	<u>\$155,090</u>

Unconditional promises to give are reflected at the present value of estimated future cash flows using a discount rate of 5.3% without a provision for uncollectible amounts.

Note 6 - BUILDINGS, FURNITURE AND EQUIPMENT

Buildings, furniture and equipment at June 30, 2004 and 2003 consists of the following:

	<u>2004</u>	<u>2003</u>
Land	\$ 58,000	\$ 58,000
Buildings and improvements	1,631,480	1,612,863
Vehicles	977,235	860,403
Furniture and equipment	<u>625,596</u>	<u>594,232</u>
	3,292,311	3,125,498
Less: accumulated depreciation	<u>1,687,984</u>	<u>1,558,034</u>
Net buildings, furniture and equipment	<u>\$1,604,327</u>	<u>\$1,567,464</u>

Note 7 – NOTES PAYABLE

Notes payable at June 30, 2004 and 2003, consist of the following:

	<u>2004</u>	<u>2003</u>
5.25% note payable to Hibernia National Bank in 60 monthly installments of \$480, final payment due March 20, 2008. The note is secured by a 2003 Ford Van.	\$19,554	\$24,171
5.99% note payable to Hibernia National Bank in 36 monthly installments of \$531, final payment due February 28, 2006. The note is secured by a 2003 Toyota Corolla.	<u>10,072</u>	<u>15,676</u>
Totals	<u>\$29,626</u>	<u>\$39,847</u>

Aggregate maturities of the notes payable at June 30, 2004 are as follows:

<u>June 30,</u>	
2005	\$10,770
2006	9,249
2007	5,380
2008	<u>4,227</u>
Total	<u>\$29,626</u>

Note 8 - LEASE COMMITMENTS

As of June 30, 2004, Chackbay Community Home, Narrow Community Home and Diplomat Way Community Home are operating on a month-to-month basis. Rental expenses incurred amounted to \$47,400 annually for the years ended June 30, 2004 and 2003.

Note 9 - CENTRAL OFFICE OVERHEAD

The central office was established to account for supporting expenses common to the programs. Each program reimburses the central office for its share. The amount allocated to each program, as supporting service-administrative and general is based upon time and level of efforts expended as measured by expenses per program compared to total expenses. For the years ended June 30, 2004 and 2003, personal service and occupancy costs amounting to \$524,049 and \$442,173, respectively, were allocated to the programs as follows:

	2004	2003
Chackbay Community Home	\$ 16,651	\$ 16,497
Country Club Community Home	12,437	12,824
Diplomat Way Community Home	16,735	18,039
Stevens Community Home	18,901	15,867
Narrow Street Community Home	11,259	12,774
Richland Community Home	16,406	15,405
Community Support Services	345,023	273,230
Daycare Services	86,637	77,537
Totals	\$524,049	\$442,173

Note 10 - RELATED PARTY TRANSACTIONS

The Association maintains all its cash and investments in one bank. One of the Association's board members was also a board member for this bank through May 2003.

Note 11 - ECONOMIC DEPENDENCY

The Association receives federal and state funding on a per diem per client/unit basis. Federal and state matching funds from the Department of Health and Human Services, passed 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 Association receives state grants from the Department of Health and Hospitals Office for Citizens with Developmental Disabilities on a per diem basis with a maximum of \$401,005 in any year.

If significant budget cuts are made at the federal, state and/or local levels the amount of the funds the Association 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 Association will receive in the next fiscal year.

Note 12 - RETIREMENT PLAN

The Association adopted a 401(k) retirement plan effective July 1, 1997. The plan covers all employees who are at least 21 years of age with one or more years of service. The Association makes contributions to the plan at its discretion. The Association's contributions for the year ended June 30, 2004 and 2003, were \$53,358 and \$48,606, respectively.

Note 13 - CONCENTRATION OF RISK

During the year ended June 30, 2004, the Association maintained its cash deposits and certificates of deposit with a single bank. Accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000. Cash, certificates of deposit and money market mutual funds at this institution exceeded Federally insured limits by \$2,525,248 and \$1,593,317 as of June 30, 2004 and 2003, respectively.

Note 14 - RISK MANAGEMENT

The Association 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 15 - CASH FLOW INFORMATION

Non-cash investing and financing activities consisted of the acquisition of transportation equipment totaling \$42,638 during the year ended June 30, 2003.

Note 16 - CONTINGENCY

Programs funded by Medicare and Medicaid fiscal intermediaries are subject to audits performed by the State of Louisiana – Department of Health and Hospitals (the State). An audit was conducted by the State for the period January 1, 2003 through February 2, 2003 as a scientific sample. The preliminary findings by the State determined that the Association billed and subsequently was paid for Respite services totaling \$129,350 which had undocumented progress notes in the records kept by the Association. Based on the original hearing, the total amount has been reduced to \$39,694 of which \$19,129 has been reimbursed. In Management's opinion, the Association will be successful in providing the necessary documentation to defend these claims made by the State and therefore any final determinations will not be material to the financial statements.

SUPPLEMENTARY INFORMATION SECTION



Bourgeois Bennett

INDEPENDENT AUDITOR'S REPORT ON ADDITIONAL INFORMATION

To the Board of Directors.
Lafourche ARC,
Thibodaux, Louisiana.

Our report on our audit of the financial statements of Lafourche ARC, (the Association), for the year ended June 30, 2004 and 2003, appears on pages 1 and 2. That audit was conducted for the purpose of forming an opinion on such financial statements taken as a whole. The information contained in the Schedules 1 through 7 for the years ended June 30, 2004 and 2003 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements for the years ended June 30, 2004 and 2003, taken as a whole.

We also have previously audited, 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, the statements of financial position of Lafourche ARC, as of June 30, 2002, and the related statement of activities for the year ended June 30, 2002 (none of which is presented herein), and we expressed an unqualified opinion on those financial statements. In our opinion, the information presented in the Schedules 5 through 7 for the year ended June 30, 2002 is fairly stated in all material respects in relation to the financial statements from which it has been derived.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Houma, Louisiana,
November 2, 2004.

SCHEDULE OF PROGRAM FINANCIAL POSITION

Lafourche ARC

June 30, 2004

	<u>Community Homes</u>				
	<u>Chackbay</u>	<u>Country Club</u>	<u>Diplomat Way</u>	<u>Stevens</u>	<u>Narrow Street</u>
Assets					
Cash	\$ 100	\$ 100	\$ 100	\$ 200	\$ 100
Investments	272,878	138,533	287,695	28,266	242,763
Due from State of Louisiana	25,604	24,083	26,075	42,363	26,015
Accounts receivable	-	-	-	-	-
Unconditional promises to give	-	-	-	-	-
Due from other programs	49,123	181,942	200,969	102,458	229,671
Deposits	1,739	1,538	1,827	2,152	1,162
Buildings, furniture and equipment, net of accumulated depreciation, \$1,687,984	<u>5,840</u>	<u>112,983</u>	<u>4,733</u>	<u>265,679</u>	<u>200</u>
Totals	<u>\$ 355,284</u>	<u>\$ 459,179</u>	<u>\$ 521,399</u>	<u>\$ 441,118</u>	<u>\$ 499,911</u>
Liabilities					
Accounts payable and accrued liabilities	\$ 11,406	\$ 9,304	\$ 13,166	\$ 14,996	\$ 7,267
Due to other programs	51,331	20,000	191,488	364,353	-
Notes payable	-	-	-	19,554	-
Total liabilities	<u>62,737</u>	<u>29,304</u>	<u>204,654</u>	<u>398,903</u>	<u>7,267</u>
Net Assets					
Unrestricted	292,547	429,875	316,745	42,215	492,644
Temporarily restricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total net assets	<u>292,547</u>	<u>429,875</u>	<u>316,745</u>	<u>42,215</u>	<u>492,644</u>
Totals	<u>\$ 355,284</u>	<u>\$ 459,179</u>	<u>\$ 521,399</u>	<u>\$ 441,118</u>	<u>\$ 499,911</u>

Schedule 1

<u>Richland</u>	<u>Community Support</u>	<u>Day Care Services</u>	<u>Central Office</u>	<u>Eliminations</u>	<u>Grand Totals</u>
\$ 100	\$ -	\$ 470	\$ 2,302,166	\$ -	\$ 2,303,336
121,015	755,903	580,329	56,762	-	2,484,144
23,769	1,263,137	179,348	-	-	1,610,394
-	81,321	42,017	-	-	123,338
-	-	26,815	47,147	-	73,962
49,351	1,874,583	802,181	242,819	(3,733,097)	-
2,293	10,181	11,505	192	-	32,589
<u>119,396</u>	<u>64,698</u>	<u>642,490</u>	<u>388,308</u>	<u>-</u>	<u>1,604,327</u>
<u>\$ 315,924</u>	<u>\$ 4,049,823</u>	<u>\$ 2,285,155</u>	<u>3,037,394</u>	<u>\$ (3,733,097)</u>	<u>\$ 8,232,090</u>
\$ 13,253	\$ 277,425	\$ 61,186	\$ 34,322	\$ -	\$ 442,325
150,000	-	-	2,955,925	(3,733,097)	-
-	10,072	-	-	-	29,626
<u>163,253</u>	<u>287,497</u>	<u>61,186</u>	<u>2,990,247</u>	<u>(3,733,097)</u>	<u>471,951</u>
152,671	3,762,326	2,197,154	-	-	7,686,177
-	-	26,815	47,147	-	73,962
<u>152,671</u>	<u>3,762,326</u>	<u>2,223,969</u>	<u>47,147</u>	<u>-</u>	<u>7,760,139</u>
<u>\$ 315,924</u>	<u>\$ 4,049,823</u>	<u>\$ 2,285,155</u>	<u>\$ 3,037,394</u>	<u>\$ (3,733,097)</u>	<u>\$ 8,232,090</u>

SCHEDULE OF PROGRAM ACTIVITIES

Lafourche ARC

For the year ended June 30, 2004

	Community Homes				
	Chackbay	Country Club	Diplomat Way	Stevens	Narrow Street
Changes in Unrestricted Net Assets					
Support and Revenues					
Support:					
Group Services:					
Habilitation services	\$ -	\$ -	\$ -	\$ -	\$ -
Residential services	318,671	251,276	307,536	386,495	238,457
Governmental Grants:					
Office for Citizens with Developmental Disabilities	-	-	-	-	-
Client income	34,632	37,009	37,396	32,201	23,210
State of Louisiana - Hotel/Motel Tax	-	-	-	-	-
Sheltered workshop, net of \$243,307 of direct costs	-	-	-	-	-
State of Louisiana - Funding for new equipment	-	-	-	-	-
Contributions	-	500	-	-	-
Total unrestricted support	353,303	288,785	344,932	418,696	261,667
Revenues:					
Investment return	8,891	4,514	9,377	920	7,911
Miscellaneous	-	-	-	-	-
Total unrestricted revenues	8,891	4,514	9,377	920	7,911
Allocations	-	-	-	-	-
Net Assets Released from Restrictions					
Expiration of time restrictions	-	-	-	-	-
Total unrestricted support, revenue and net assets released from restrictions	362,194	293,299	354,309	419,616	269,578
Expenses					
Program services:					
Medical and nursing	9,624	5,700	8,978	7,928	6,693
Therapeutic and training	238,581	154,227	217,705	286,799	142,199
Recreational	235	1,070	590	1,487	765
Consultants	11,178	12,338	11,936	14,174	11,507
Total program services	259,618	173,335	239,209	310,388	161,164
Support services:					
Administrative and general	63,193	58,064	63,602	65,616	48,592
Plant operations and maintenance	6,853	11,291	6,103	9,967	8,122
Costs related to capital assets	19,060	4,834	25,590	15,554	12,223
Dietary	13,965	14,802	14,768	20,196	12,366
Laundry and linen	698	806	684	1,143	790
Housekeeping supplies	3,336	3,562	2,735	4,424	3,517
Personal client needs	1,839	5,234	2,728	2,744	2,278
Total support services	108,944	98,593	116,210	119,644	87,888
Total expenses	368,562	271,928	355,419	430,032	249,052
Increase (decrease) in unrestricted net assets	(6,368)	21,371	(1,110)	(10,416)	20,526
Temporarily Restricted Net Assets					
State of Louisiana - Funding for new equipment	-	-	-	-	-
Net Assets released from restrictions:					
Satisfaction of time restrictions	-	-	-	-	-
Increase (decrease) in temporarily restricted net assets	-	-	-	-	-
Increase (Decrease) in Net Assets	(6,368)	21,371	(1,110)	(10,416)	20,526
Net Assets					
Beginning of year	298,915	408,504	317,855	52,631	472,118
End of year	\$ 292,547	\$ 429,875	\$ 316,745	\$ 42,215	\$ 492,644

Schedule 2

<u>Richland</u>	<u>Community Support</u>	<u>Day Care Services</u>	<u>Central Office</u>	<u>Eliminations</u>	<u>Grand Totals</u>
\$ -	\$ 7,075,554	\$ 399,042	\$ -	\$ -	\$ 7,474,596
356,835	337,162	607,175	-	(259,209)	2,544,398
-	-	369,478	-	-	369,478
22,885	-	-	-	-	187,333
-	-	90,000	-	-	90,000
-	-	59,623	-	-	59,623
-	-	56,003	-	-	56,003
-	976	4,248	4,835	-	10,559
<u>379,720</u>	<u>7,413,692</u>	<u>1,585,569</u>	<u>4,835</u>	<u>(259,209)</u>	<u>10,791,990</u>
3,952	22,075	18,914	15,877	-	92,431
-	-	650	-	-	650
<u>3,952</u>	<u>22,075</u>	<u>19,564</u>	<u>15,877</u>	<u>-</u>	<u>93,081</u>
-	-	-	524,049	(524,049)	-
-	-	53,275	21,774	-	75,049
<u>383,672</u>	<u>7,435,767</u>	<u>1,658,408</u>	<u>566,535</u>	<u>(783,258)</u>	<u>10,960,120</u>
8,806	6,366	4,017	-	-	58,112
245,680	5,933,833	996,686	-	(259,209)	7,956,501
2,463	-	-	-	-	6,610
13,430	82,039	-	-	-	156,602
<u>270,379</u>	<u>6,022,238</u>	<u>1,000,703</u>	<u>-</u>	<u>(259,209)</u>	<u>8,177,825</u>
65,393	660,763	258,545	508,036	(508,036)	1,283,768
8,999	-	87,990	34,816	(16,013)	158,128
6,851	19,929	92,602	23,683	-	220,326
18,839	-	-	-	-	94,936
1,302	-	-	-	-	5,423
3,432	-	-	-	-	21,006
3,885	10	-	-	-	18,718
<u>108,701</u>	<u>680,702</u>	<u>439,137</u>	<u>566,535</u>	<u>(524,049)</u>	<u>1,802,305</u>
<u>379,080</u>	<u>6,702,940</u>	<u>1,439,840</u>	<u>566,535</u>	<u>(783,258)</u>	<u>9,980,130</u>
<u>4,592</u>	<u>732,827</u>	<u>218,568</u>	<u>-</u>	<u>-</u>	<u>979,990</u>
-	-	26,815	-	-	26,815
-	-	(80,090)	(21,774)	-	(101,864)
-	-	(53,275)	(21,774)	-	(75,049)
<u>4,592</u>	<u>732,827</u>	<u>165,293</u>	<u>(21,774)</u>	<u>-</u>	<u>904,941</u>
<u>148,079</u>	<u>3,029,499</u>	<u>2,058,676</u>	<u>68,921</u>	<u>-</u>	<u>6,855,198</u>
<u>\$ 152,671</u>	<u>\$ 3,762,326</u>	<u>\$ 2,223,969</u>	<u>\$ 47,147</u>	<u>\$ -</u>	<u>\$ 7,760,139</u>

SCHEDULE OF PROGRAM SERVICES EXPENSES

Lafourche ARC

For the year ended June 30, 2004

	Community Homes				
	Chackbay	Country Club	Diplomat Way	Stevens	Narrow Street
Medical and Nursing					
Medical services	\$ 3,997	\$ 2,239	\$ 3,937	\$ 4,020	\$ 5,298
Other	2,129	441	2,304	1,806	107
Prescriptions	2,124	2,425	1,154	1,353	851
Supplies	1,374	595	1,583	749	437
Total medical and nursing	9,624	5,700	8,978	7,928	6,693
Therapeutic and Training					
Habilitation	30,312	30,312	30,312	30,312	30,312
Payroll taxes	14,436	9,799	14,581	16,891	8,753
Salaries and benefits	193,833	114,116	172,812	239,596	103,134
Supplies	-	-	-	-	-
Total therapeutic and training	238,581	154,227	217,705	286,799	142,199
Recreational					
Supplies	235	1,070	590	1,487	765
Consultants					
Other	-	53	-	105	-
Pharmacist	298	324	315	525	219
Physical therapist	-	-	-	80	-
Psychiatrist	365	616	764	2,018	401
Psychologist	455	390	455	683	520
Registered nurse	9,561	9,561	9,561	9,561	9,561
Social worker	499	1,394	621	922	726
Speech therapist	-	-	220	280	80
Total consultants	11,178	12,338	11,936	14,174	11,507
Total program services	\$ 259,618	\$ 173,335	\$ 239,209	\$ 310,388	\$ 161,164

Schedule 3

<u>Richland</u>	<u>Community Support</u>	<u>Day Care Services</u>	<u>Central Office</u>	<u>Eliminations</u>	<u>Grand Totals</u>
\$ 3,035	\$ -	\$ 4,017			\$ 26,543
838	2,686	-			10,311
3,946	-	-			11,853
987	3,680	-			9,405
<u>8,806</u>	<u>6,366</u>	<u>4,017</u>			<u>58,112</u>
30,312	107,409	-		\$ (181,872)	107,409
14,061	434,484	67,625		-	580,630
201,307	5,391,940	927,605		(77,337)	7,267,006
-	-	1,456		-	1,456
<u>245,680</u>	<u>5,933,833</u>	<u>996,686</u>		<u>(259,209)</u>	<u>7,956,501</u>
<u>2,463</u>	<u>-</u>	<u>-</u>			<u>6,610</u>
-	9,121				9,279
359	-				2,040
40	-				120
1,329	184				5,677
683	-				3,186
9,561	72,384				129,750
1,298	350				5,810
160	-				740
<u>13,430</u>	<u>82,039</u>	<u>-</u>			<u>156,602</u>
<u>\$ 270,379</u>	<u>\$ 6,022,238</u>	<u>\$ 1,000,703</u>	<u>\$ -</u>	<u>\$ (259,209)</u>	<u>\$ 8,177,825</u>

SCHEDULE OF SUPPORT SERVICES EXPENSES

Lafourche ARC

For the year ended June 30, 2004

	Community Homes				
	Chackbay	Country Club	Diplomat Way	Stevens	Narrow Street
Administrative and General					
Bed fees	\$ 21,740	\$ 23,642	\$ 24,002	\$ 22,745	\$ 21,434
Central office	16,651	12,437	16,735	18,901	11,259
Dues and subscriptions	-	-	-	-	-
Insurance	13,147	11,629	13,749	14,697	9,657
Interest	-	-	-	665	-
Licenses	615	620	615	615	615
Other	339	139	457	89	65
Postage	-	-	31	30	-
Professional fees	2,000	2,000	2,000	2,000	2,000
Salaries and benefits	-	-	-	-	-
Supplies	110	461	78	444	225
Telephone	1,650	1,267	1,197	1,723	417
Training-in-service	-	-	-	-	81
Travel and seminars	264	715	275	1,541	441
Vehicles - gas, oil and repairs	6,677	5,154	4,463	2,166	2,398
Total administrative and general	63,193	58,064	63,602	65,616	48,592
Plant Operations and Maintenance					
Maintenance - building and grounds	2,395	3,602	1,311	1,980	2,442
Maintenance - furniture and fixtures	37	654	213	52	230
Utilities	4,421	7,035	4,579	7,935	5,450
Total plant operations and maintenance	6,853	11,291	6,103	9,967	8,122
Costs Related to Capital Assets					
Depreciation	1,060	4,834	6,390	15,554	2,023
Lease	18,000	-	19,200	-	10,200
Total costs related to capital assets	19,060	4,834	25,590	15,554	12,223
Dietary					
Contracts - dietician	1,200	1,300	1,200	1,100	2,146
Food	11,511	12,176	12,316	18,124	9,036
Supplies	1,254	1,326	1,252	972	1,184
Total dietary expenses	13,965	14,802	14,768	20,196	12,366
Laundry and Linen					
Linen and bedding	177	297	95	143	145
Supplies	521	509	589	1,000	645
Total laundry and linen	698	806	684	1,143	790
Housekeeping					
Supplies	3,336	3,562	2,735	4,424	3,517
Personal Client Needs					
Clothing	1,076	3,055	1,222	1,598	1,263
Other	763	2,179	1,506	1,146	1,015
Total personal client needs	1,839	5,234	2,728	2,744	2,278
Total support services	\$ 108,944	\$ 98,593	\$ 116,210	\$ 119,644	\$ 87,888

Schedule 4

<u>Richland</u>	<u>Community Support</u>	<u>Day Care Services</u>	<u>Central Office</u>	<u>Eliminations</u>	<u>Grand Totals</u>
\$ 24,002	\$ -	\$ -	\$ -	\$ -	\$ 137,565
16,406	345,023	86,637	-	-	524,049
-	-	-	2,789	(2,789)	-
13,041	118,481	104,952	21,686	(21,686)	299,353
-	232	-	-	-	897
615	75	1,165	-	-	4,935
463	30,614	11,615	28,136	(28,136)	43,781
14	540	-	11,051	(11,051)	615
2,000	10,863	-	2,500	(2,500)	22,863
-	-	-	388,275	(388,275)	-
261	30,758	8,103	40,474	(40,474)	40,440
1,068	14,471	7,251	6,933	(6,933)	29,044
135	2,141	-	-	-	2,357
496	90,945	5,997	6,192	(6,192)	100,674
6,892	16,620	32,825	-	-	77,195
<u>65,393</u>	<u>660,763</u>	<u>258,545</u>	<u>508,036</u>	<u>(508,036)</u>	<u>1,283,768</u>
2,873	-	20,550	10,232	(10,232)	35,153
609	-	40,967	1,618	(1,618)	42,762
5,517	-	26,473	22,966	(4,163)	80,213
<u>8,999</u>	<u>-</u>	<u>87,990</u>	<u>34,816</u>	<u>(16,013)</u>	<u>158,128</u>
6,851	19,929	92,602	23,683	-	172,926
-	-	-	-	-	47,400
<u>6,851</u>	<u>19,929</u>	<u>92,602</u>	<u>23,683</u>	<u>-</u>	<u>220,326</u>
2,288	-	-	-	-	9,234
15,247	-	-	-	-	78,410
1,304	-	-	-	-	7,292
<u>18,839</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>94,936</u>
105	-	-	-	-	962
1,197	-	-	-	-	4,461
<u>1,302</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,423</u>
3,432	-	-	-	-	21,006
2,266	10	-	-	-	10,490
1,619	-	-	-	-	8,228
<u>3,885</u>	<u>10</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,718</u>
<u>\$ 108,701</u>	<u>\$ 680,702</u>	<u>\$ 439,137</u>	<u>\$ 566,535</u>	<u>\$ (524,049)</u>	<u>\$ 1,802,305</u>

SCHEDULE OF REVENUES AND EXPENSES

Lafourche ARC

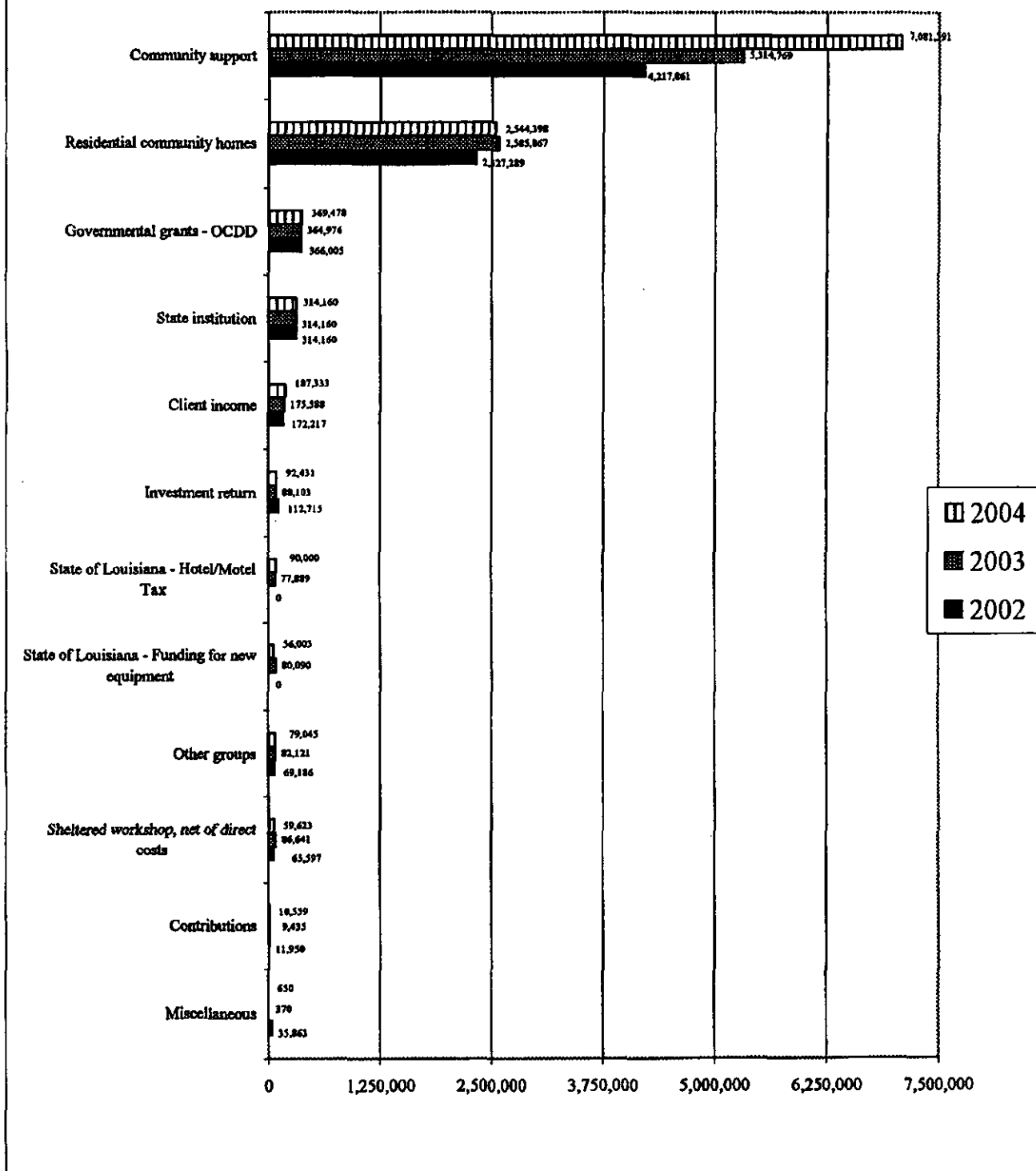
For the years ended June 30, 2004, 2003, and 2002

	<u>2004</u>	<u>2003</u>	<u>2002</u>
Revenues			
Community support	\$ 7,081,391	\$ 5,314,769	\$ 4,217,861
Residential community homes	2,544,398	2,585,867	2,327,289
Governmental grants - OCDD	369,478	364,976	366,005
State institution	314,160	314,160	314,160
Other:			
Client income	187,333	175,588	172,217
Investment return	92,431	88,103	112,715
State of Louisiana - Hotel/Motel Tax	90,000	77,889	-
State of Louisiana - Funding for new equipment	56,003	80,090	-
Other groups	79,045	82,121	69,186
Sheltered workshop, net of direct costs	59,623	86,641	65,597
Contributions	10,559	9,435	11,950
Miscellaneous	650	370	35,863
	<u>575,644</u>	<u>600,237</u>	<u>467,528</u>
Total other			
Total revenues	<u>\$ 10,885,071</u>	<u>\$ 9,180,009</u>	<u>\$ 7,692,843</u>
Expenses			
Bed fees	\$ 137,565	\$ 141,030	\$ 143,272
Central office	524,049	442,173	375,253
Contracts - outside services	165,836	197,274	199,432
Depreciation	172,926	174,168	177,163
Food	78,410	82,353	83,356
Habilitation	107,409	101,377	72,945
Insurance	299,353	245,909	168,425
Lease	47,400	47,400	48,150
Maintenance and repairs	77,915	64,203	74,059
Other expenses	172,879	144,201	131,083
Salaries, payroll taxes and benefits	7,847,636	6,787,733	5,586,437
Supplies	90,670	87,419	84,675
Travel and seminars	100,674	82,279	74,111
Utilities	80,213	69,915	69,187
Vehicles - gas, oil and repairs	77,195	57,891	56,659
	<u>\$ 9,980,130</u>	<u>\$ 8,725,325</u>	<u>\$ 7,344,207</u>
Total expenses			

REVENUES

Lafourche ARC

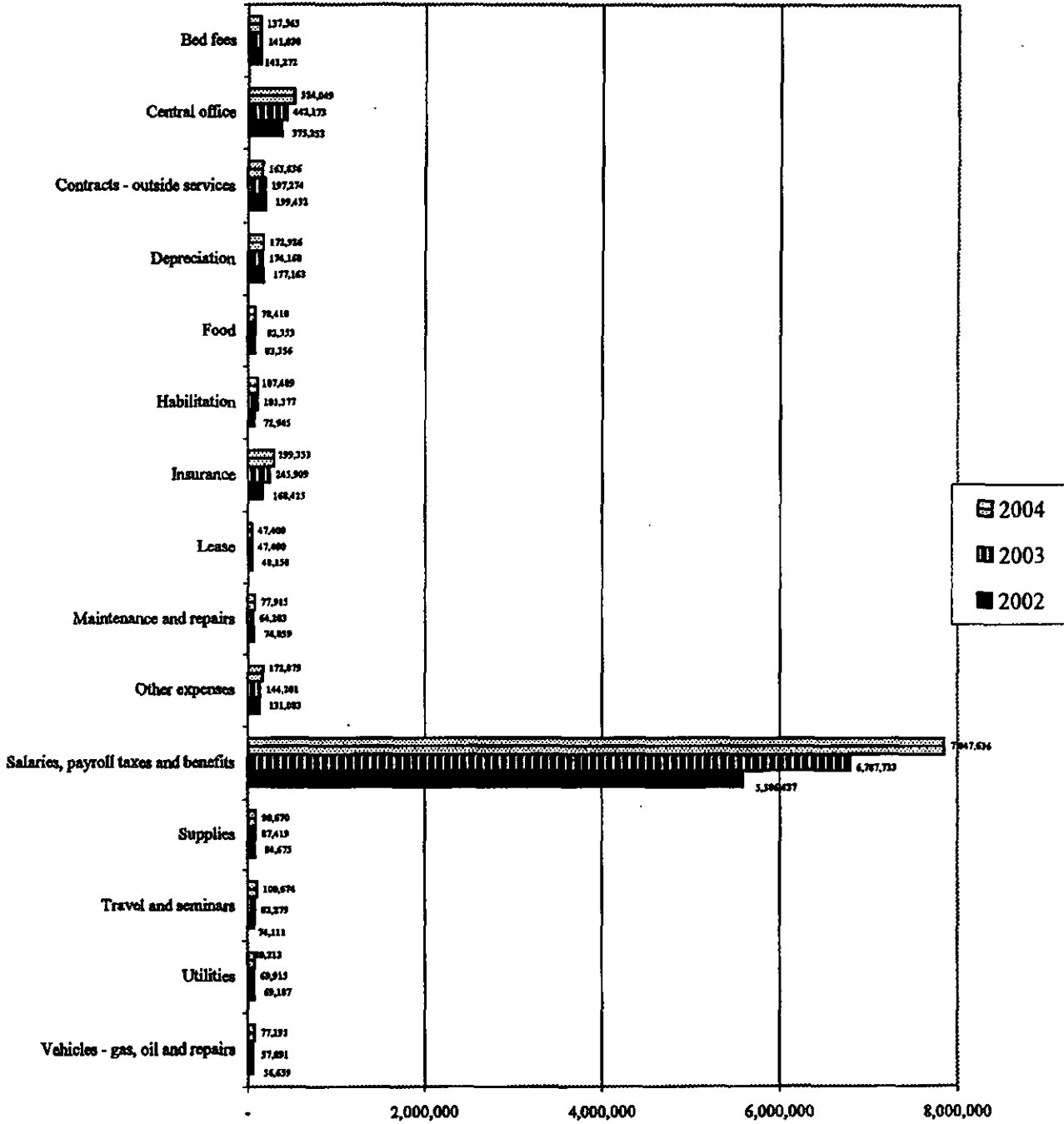
For the years ended June 30, 2004, 2003 and 2002



EXPENSES

Lafourche ARC

For the years ended June 30, 2004, 2003 and 2002



SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS



Bourgeois Bennett

**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,
Lafourche ARC,
Thibodaux, Louisiana.

We have audited the financial statements of Lafourche ARC, (the Association), as of and for the year ended June 30, 2004, and have issued our report thereon dated November 2, 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 Association's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Association'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 of the Board of Directors, management, the Legislative Auditor for the State of Louisiana and various federal and state audit agencies 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.

Bougeois Bennett, L.L.C.

Certified Public Accountants.

Houma, Louisiana,
November 2, 2004.

SCHEDULE OF FINDINGS

Lafourche ARC

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

Noncompliance material to financial statements noted? yes no

b) Federal Awards

Lafourche ARC did not receive federal awards during the year ended June 30, 2004.

Section II Financial Statement Findings

No financial statement findings were noted during the audit 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

Lafourche ARC

For the year ended June 30, 2004

Section I Internal Control and Compliance Material to the Statements of Financial Position

Internal Control

No material weaknesses were reported during the audit for the year ended June 30, 2003.

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

Compliance

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

Section II Internal Control and Compliance Material to Federal Awards

Lafourche ARC did not receive federal awards during the year ended June 30, 2003.

Section III Management Letter

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

MANAGEMENT'S CORRECTIVE ACTION PLAN

Lafourche ARC

For the year ended June 30, 2004

Section I Internal Control and Compliance Material to the Statements of Financial Position

Internal Control

No material weaknesses were reported during the audit for the year ended June 30, 2004.

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

Compliance

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

Section II Internal Control and Compliance Material to Federal Awards

Lafourche ARC did not receive federal awards during the year ended June 30, 2004.

Section III Management Letter

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