

9192

RECEIVED
LEGISLATIVE AUDITOR
05 FEB -9 PM 1:44

Financial Report
East Baton Rouge Council on Aging, Inc.
Baton Rouge, 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 2-16-05

Michael R. Choate & Company, CPAs
2915 S. Sherwood Forest Blvd., Ste B
Baton Rouge, Louisiana 70816

Financial Report

**East Baton Rouge Council on Aging, Inc.
Baton Rouge, Louisiana**

June 30, 2004

TABLE OF CONTENTS

Financial Report

East Baton Rouge Council on Aging, Inc.
Baton Rouge, Louisiana

June 30, 2004

	<u>Page</u>
1. MANAGEMENT'S DISCUSSION AND ANALYSIS	1
2. INDEPENDENT AUDITOR'S REPORT	9
3. BASIC FINANCIAL STATEMENTS	
GOVERNMENT WIDE FINANCIAL STATEMENTS:	
A. Statement of Net Assets	12
B. Statement of Activities	13
FUND FINANCIAL STATEMENTS:	14
C. Balance Sheet	15
D. Statement of Revenues, Expenditures and Changes in Fund Balances	16
E. Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	17
F. NOTES TO THE FINANCIAL STATEMENTS	18
4. SUPPLEMENTARY FINANCIAL INFORMATION REQUIRED BY GASB STATEMENT 34:	40
• Budgetary Comparison Schedule – General Fund	41
• Budgetary Comparison Schedule – Title III B Fund	42
• Budgetary Comparison Schedule – Title III C-1 Fund	43
• Budgetary Comparison Schedule – Title III C-2 Fund	44
• Budgetary Comparison Schedule – Title III C-1 AAA	45
• Budgetary Comparison Schedule – Title III D	46
• Budgetary Comparison Schedule – Title III E	47
• Budgetary Comparison Schedule – Title USDA CASH	48
• Budgetary Comparison Schedule – Senior Center	49

5.	SUPPLEMENTARY FINANCIAL INFORMATION REQUIRED BY GOEA:	50
	• Schedule of Non-major Special Revenue	51
	• Schedule of General Funds	52
	• Comparative Schedule of General Fixed Assets and Changes in General Fixed Assets	53
	• Schedule of RSVP Activity	54
	• Schedule of Priority Services III B- Grant	55
6.	SUPPLEMENTARY FINANCIAL INFORMATION REQUIRED BY OMB CIRCULAR A-133 CIRCULAR A-133	56
	• Schedule of Expenditures of Federal Awards	57
7.	REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	58
8.	REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A -133.	60
9.	FINDINGS AND QUESTIONED COSTS	62
10.	REPORT OF PRIOR AUDIT FINDINGS	64
11.	EXIT CONFERENCE	66
12.	CORRECTIVE ACTION PLAN	67

MANAGEMENT'S DISCUSSION AND ANALYSIS

East Baton Rouge Council on Aging, Inc.

The "Management's Discussion and Analysis" of the East Baton Rouge Council on Aging, Inc.'s (the Council) financial performance presents a narrative overview and analysis of the Council's financial activities for the year ended June 30, 2004. This report highlights the current year's activities, resulting changes, and relevant facts. Please read this report in conjunction with basic financial statements, which follow this section.

FINANCIAL HIGHLIGHTS (see condensed statements on page 6)

- The Council's General Fund reported an increase in fund balance of \$29,632 compared to a decrease of \$(207,407) for 2003 - an improvement of \$237,039. This was accomplished primarily by reducing expenditures.
- The Council's Special Revenue funds reported a decrease in fund balance of \$(99,780). This is because Utility Assistance fund expenditures exceeded revenue. The prior year fund balance covered the decrease.
- The combined decrease in fund balances for the year ended June 30, 2004 is \$(70,148). This is compared to June 30, 2003 of \$(190,148).
- The Council's total revenue decreased \$52,436 (or 2 %) primarily due to a decrease in the Utility Assistance Fund.
- The Council's total expenditures decreased \$188,096 (or 6 %) primarily due to a decrease in personnel and fringe of \$160,706.
- Legal fees were \$72,697 for fiscal 2004 compared to \$25,821 for fiscal 2003. Since the spring of 2001 the Council has incurred significant legal costs dealing with Trust lawsuit. This situation has been a tremendous burden upon the agency. The Board of Directors has decided to continue the lawsuit to return the assets of the Trust back to the Trust.
- Platinum Record ad sales have proven to be consistent in comparing the years 2004 and 2003. However, the expenses have declined by an additional \$40,000. After reviewing past financial statements, Platinum Record expenses ran approximately \$250,000 per year as comparison to the current year of \$100,000. Yet the agency is still producing an informative newspaper at a substantially less expensive amount.
- The Council's Government Wide total liabilities exceeded its total assets at the close of fiscal year 2004 by \$79,223 (net deficit).

- Operating cash was \$76,873 at June 30, 2004 compared to \$24,638 at June 30, 2003. This is an increase of \$52,235 or 212%.
- Capital assets increased by \$30,118. This increase was due to the purchase of a new vehicle and computers. A grant was obtained to pay for the vehicle.
- The outstanding bank loan resulted from the EBRCOA Board of Directors requesting \$125,000 line of credit through Hancock Bank. Currently the loan outstanding balance is \$106,000, and is continually being amortized. This loan is in compliance with all federal bank regulations.

OVERVIEW OF THE FINANCIAL STATEMENTS – What’s included

This discussion and analysis is intended to serve as an overview to the Council's basic financial statements. The Council's annual report consists of five parts: (1) management's discussion and analysis (this section) (2) basic financial statements (3) required supplementary information, and (4) the optional section that presents combining statements for non-major governmental funds and other supplementary information and (5) various governmental compliance reports and schedules by certified public accountants and management.

The basic financial statements include two kinds of statements that present different views of the Council:

Government-wide Financial Statements

The government-wide financial statements (see Exhibits A and B) are designed to provide readers with a broad overview of the Council's finances, in a manner similar to a private sector business. The **statement of net assets** presents information on all of the Council's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Council is improving or deteriorating. The **statement of activities** presents information showing how the Council's net assets change during each fiscal year (revenues less expenditures). All changes in net assets are reported as soon as the financial transaction occurs regardless of the timing of the related cash flows. Thus, revenues and expenditures are reported in this statement this fiscal year even though the resulting cash flow is in future fiscal years. The governmental activity of the Council is health and welfare which is comprised of various programs that include supportive services, nutritional services, utility assistance disease prevention, caregiver support and a multipurpose senior center in East Baton Rouge Parish, Louisiana.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. All of the funds of the Council are governmental funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current year inflows and outflows of cash, as well as on balances of spendable resources available at the end of the fiscal year. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to help with this comparison between governmental funds and governmental activities. (Exhibit D and E)

The Council has presented the General Fund, Title III B – Supportive Services Fund, Title III C-1- Congregate Meals Fund, Title III C-2 – Home Delivered Meals Fund, Title III D, Title III E, USDA and Senior Center Fund as major funds. (Exhibit C & D) All non-major governmental funds are presented in one column, titled “Total Non-Major Funds”. Combining financial statements of the non-major funds can be found in the Combining Fund Statements that follow the basic financial statements (Page 51).

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found in Exhibit F of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information that further explains and supports the information in the financial statements. The Governmental Accounting Standards Board (GASB) Statement No. 34 requires budgetary comparison schedules for the General Fund and each major Special Revenue Fund that has a legally adopted budget (Pages 41 to 49). In addition to these required elements, the Council has a section of supplementary information. The Governor’s Office of Elderly Affairs (GOEA) has required the Council to present combining statements that provide details about our non-major governmental funds and details about capital assets and the changes in capital assets. This information will be used by GOEA to verify the accuracy of information submitted to them during the year and to help monitor certain compliance requirements set forth in the grants that it has with the Council (Page 52 - 55).

The Office of Management and Budget (OMB) through its Circular A-133 requires a Schedule of Expenditures of Federal Awards. This schedule will present required information about the Council’s federally funded programs in a manner that can facilitate financial and compliance analysis by the agencies that have granted federal money. (Page 57)

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets serve as a useful indicator of the Council's financial position. As of June 30, 2004, liabilities exceeded assets by \$79,223.

Special Revenue Fund Budgetary Highlights

The budget is amended during the course of the fiscal year to comply with requirements of Governor's Office of Elderly Affairs.

We are establishing an accurate budgeting system to accurately process and submit the budget to the Governor's Office of Elderly Affairs. We are now in the process of creating a new accounting system that will hopefully reduce cost and improve services in our accounting department.

The budget was amended one time during the year. The primary reasons for amending the budget were to comply with the Council's grants for GOEA due to unanticipated changes in revenue and expenditures. The major differences between the original Special Revenue Fund budget and the final amended budget were as follows:

Revenues

- Senior Center grant increased by \$ 17,236.
- Title III E Grant increased by \$10,963

Expenditures

- Personnel and fringe decreased in III C-1 and III C-2, III E and Senior Center. Personnel increased in III B and III D.

Required supplementary information budgetary comparison schedules were prepared for the General Fund and each major Special Revenue Fund (Page 41 to 49).

CAPITAL ASSETS

The Council's investment in capital assets for its governmental activities as of June 30, 2004, amounts to \$ 141,339 (net accumulated depreciation). This investment in capital assets includes office furniture, fixtures, vehicles, machinery and equipment (see table below)

	<u>2004</u>	<u>2003</u>
Leasehold improvements	\$ 90,105	\$ 90,105
Office furniture, fixtures and equipment	254,559	239,267
Vehicles	<u>88,144</u>	<u>73,318</u>
Sub Total	432,808	402,690
Less accumulated depreciation	<u>(291,469)</u>	<u>(255,390)</u>
Totals	<u>\$ 141,339</u>	<u>\$ 147,300</u>

Major capital asset events during the current fiscal year included the following:

- Purchase of 1 new vehicle for the Council's operations.
- Purchase of computer equipment.

Additional information on the Council's capital assets can be found in the Note A and E, Exhibit F of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Council receives most of its funding from federal, state and local agencies. Because of this, the source of income for the Council is consistent. However, some of the Council's grants and contracts are contingent upon the level of service provided by the Council, and therefore, those revenues are not fixed. There have been no significant changes to the funding levels or terms of the grants and contracts. The Governor's Office of Elderly Affairs (GOEA) has approved the Council's budget for fiscal year 2004-2005. There are no plans to add any significant programs for next fiscal year.

The Executive Director and Board of Directors considered the following factors and indicators when setting next year's budget, rates, and fees. These factors and indicators include:

- Actual expenditures from previous fiscal year in relation to expected needs in the current year.

- Consideration of funding to be received from GOEA and City of Baton Rouge.
- Salaries and benefits are based on the number of employees needed to perform necessary services and the related benefits.
- Travel rates in accordance with state travel regulations.
- Services the Council will provide along with estimated service costs.
- Estimate of operation supplies needed to perform necessary services.
- Detail plan of equipment needed to be purchased.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Council's finances for all interested in the Council's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Board of Directors
 Johnny Dykes
 East Baton Rouge Council on Aging, Inc.
 5790 Florida Blvd.
 Baton Rouge, Louisiana. 70806-4244
 Phone (225) 923-8000

Condensed Statements of Net Assets

	<u>2004</u>	<u>2003</u>	<u>Change</u>
Cash	\$ 95,518	\$ 147,428	\$ (51,910)
Other current assets	48,464	83,271	(34,807)
Capital assets, net	<u>141,339</u>	<u>147,300</u>	<u>(5,961)</u>
Total assets	<u>285,321</u>	<u>377,999</u>	<u>(92,678)</u>
Note payable- bank line	106,460	125,000	(18,540)
Accounts payable	127,407	140,211	(12,804)
Other liabilities	<u>130,677</u>	<u>116,294</u>	<u>14,383</u>
Total liabilities	<u>364,544</u>	<u>381,505</u>	<u>(16,961)</u>
Net Assets:			
Invested in capital assets, net	141,339	147,300	(5,961)
Restricted	15,872	115,652	(99,780)
Unrestricted	<u>(236,434)</u>	<u>(266,458)</u>	<u>30,024</u>
Total net assets (deficit)	<u>\$ (79,223)</u>	<u>\$ (3,506)</u>	<u>\$ (75,717)</u>

Governmental Activities

Governmental activities decreased the Council net assets by \$ 75,717. Key elements of this decrease are as follows:

Condensed Changes in Net Assets

	June 30,		Dollar	Total
	2004	2003	Change	Percent
				Change
Revenues:				
Program revenues:				
Operating grants and contributions	1,728,018	1,744,946	(16,928)	1.00%
General revenues:				
Grants and contributions not restricted	844,741	880,222	(35,481)	4.00%
Unrestricted investment earnings	45	72	(27)	0.00%
Miscellaneous	12,642	23,045	(10,403)	45.00%
Total revenues	<u>2,585,446</u>	<u>2,648,285</u>	<u>(62,839)</u>	<u>2.00%</u>
Expenses:				
Health and welfare	<u>2,661,163</u>	<u>2,838,433</u>	<u>(177,270)</u>	<u>6.00%</u>
Total expenses				
Increase (decrease) in net assets	(75,717)	(190,148)	114,431	
Net assets beginning of year	<u>(3,506)</u>	<u>186,642</u>	<u>(190,148)</u>	
Net assets end of year	<u>\$ (79,223)</u>	<u>\$ (3,506)</u>	<u>\$ (75,717)</u>	

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the Council uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the Council's governmental funds is to provide information on current year inflows, outflows, and balances of spendable cash and other resources. Such information is useful in assessing the Council's cash flow requirements. In particular, unrestricted fund balance at year end may serve as a useful measure of a government's net resources available for spending next fiscal year. As of the end of the current fiscal year, the Council's governmental funds reported combined ending fund balances of \$(142,756), a decrease of \$70,148 in comparison with the prior year. An unreserved fund balance of \$(158,628) is available for spending at the Council's discretion. A deficit balance indicates that it is not available for new spending because it has already been spent. This is reflected in Exhibit C.

The General Fund is the main operating fund of the Council. At the end of the current fiscal year, unreserved fund balance of the general fund was \$ (158,628) while total fund balance reached \$ (142,756) (Exhibit C). The fund balance of the Council's General Fund increased by \$ 29,632 during the current fiscal year. (Exhibit D)

Other major funds, including Title III B – Supportive Services Fund and Title III C-2 – Home Delivered Meals Fund and Title III C-1 Congregate Meals had a no change in fund balances. These funds are reimbursed by federal and state grants. Expenditures that are not covered by the grants are covered by transfers from the General Fund.



2915 S. Sherwood Forest Blvd., Suite B
Baton Rouge, LA 70816 (225) 292-7434
Fax (225) 293-3651

West Causeway Executive Center
1305 West Causeway Approach, Suite 201
Mandeville, LA 70471
(985) 674-9092 Fax (985) 626-9227

Independent Auditor's Report

East Baton Rouge Council on Aging, Inc.
Baton Rouge, Louisiana, USA

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the East Baton Rouge Council on Aging, Inc. as of and for the year ended June 30, 2004, which collectively comprise the Council's financial statements as listed in the table of contents. These financial statements are the responsibility of the East Baton Rouge Council on Aging's management. Our responsibility is to express opinions 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the East Baton Rouge Council on Aging, Inc., as of June 30, 2004, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying required supplementary information, such as “Management’s Discussion and Analysis” and “Budgetary Comparison Information” are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2004, on our consideration of East Baton Rouge Council on Aging, 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.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the East Baton Rouge Council on Aging’s financial statements. The accompanying supplemental schedule of expenditures of federal awards on page 57 is presented for purpose of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general purpose financial statements. Also, the accompanying supplementary information on pages 40 to 55, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The supplementary information in the “introductory section”, have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.


Michael R. Choate & Company CPAs

December 10, 2004

GOVERNMENT WIDE FINANCIAL STATEMENTS

GOVERNMENT WIDE STATEMENT OF NET ASSETS (DEFICIT)

**EAST BATON ROUGE COUNCIL ON AGING
BATON ROUGE, LOUISIANA**

June 30, 2004

	Governmental Activities
Assets	
Cash	\$ 95,518
Other Receivables	18,862
Prepaid Expense	16,821
Inventory	4,829
Deposits	7,952
Capital assets, net of accumulated depreciation	<u>141,339</u>
 Total Assets	 <u>\$ 285,321</u>
 Liabilities	
Note payable- Bank line	\$ 106,460
Accounts payable	127,407
Accrued payroll and taxes	41,522
Capital lease obligations	33,051
Accrued compensated absences	44,755
Custodial account	<u>11,349</u>
Total Liabilities	<u>364,544</u>
 Net Assets	
Invested in Capital Assets	141,339
Restricted for:	
Utility Assistance	7,048
RAPP	8,824
Unrestricted (deficit)	<u>(236,434)</u>
 Total Net Assets (deficit)	 <u>\$ (79,223)</u>

The accompanying notes are an integral part of this statement.

**GOVERNMENT WIDE STATEMENT OF ACTIVITIES
EAST BATON ROUGE COUNCIL ON AGING
BATON ROUGE, LOUISIANA**

For the year ended June 30, 2004

Functions / Programs	Program Revenues				Net (Expense) Revenue and Increases (Decreases) in Net Assets	
	Direct Expenses	Indirect Expenses	Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
Governmental Activities						
Health, Welfare & Social Services						
Supportive Services:	\$ 301,674	\$ 166,681	\$ -	\$ 292,869	\$ -	\$ (175,486)
Personal Care	-	-	-	-	-	-
Other Services	-	-	-	-	-	-
Homemaker	-	-	-	-	-	-
Information and Assistance	-	-	-	-	-	-
Legal Assistance	-	-	-	-	-	-
Outreach	-	-	-	-	-	-
Transportation	-	-	-	-	-	-
Nutrition Services:						
Congregate Meals	335,885	218,100	-	467,186	-	(86,799)
Home Delivered Meals	351,283	121,725	-	370,982	-	(102,026)
Utility Assistance	160,084	6,826	-	51,563	-	(115,347)
Disease Prevention and Health Promotion	37,810	22,894	-	14,146	-	(46,558)
National Family Caregiver Support	77,824	43,558	-	102,804	-	(18,578)
Multipurpose Senior Centers	96,813	-	-	190,474	-	93,661
Senior Activities	264,893	89,303	22,292	-	-	(331,904)
Public Relations	122,480	47,176	63,774	7,475	-	(98,407)
Administration	907,160	(716,263)	37,067	92,370	15,016	(46,444)
Total governmental activities	\$ 2,655,906	\$ -	\$ 123,133	\$ 1,589,869	\$ 15,016	\$ (927,888)

General Revenues:	
City of Baton Rouge Grant	661,050
Grants and contributions not restricted to specific programs	183,691
Unrestricted Investment Income	45
Special item - Proceeds from Capital lease	12,642
Special item - Prior Period Adjustment- GOEA	(5,257)
Total general revenues	852,171
Increase (Decrease) in net assets	(75,717)
Net assets - beginning of the year	(3,506)
Net assets - end of the year	\$ (79,223)

The accompanying notes are an integral part of this statement.

FUND FINANCIAL STATEMENTS

EXHIBIT C

Balance Sheet
Governmental Funds
East Baton Rouge Council on Aging, Inc.
June 30, 2004

	General Fund	Title III					U.S.D.A. Cash	Senior Center	Total Non Major Funds	Total
		C-1 AAA	Title III B	Title III C-1	Title III C-2	Title III - D				
Assets										
Cash	\$ 95,518	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 95,518	
Other receivables	18,862								18,862	
Prepaid expenses	16,821								16,821	
Inventory	7,952								7,952	
Deposits	4,829								4,829	
Total Assets	\$ 143,982	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 143,982	
Liabilities and Fund Balance										
Liabilities										
Accounts Payable	\$ 127,407	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 127,407	
Note payable - Bank Line	106,460								106,460	
Accrued payroll and taxes	41,522								41,522	
Custodial account	-							11,349	11,349	
Due to/from other funds	27,221							(27,221)	-	
Total Liabilities	302,610	-	-	-	-	-	-	(15,872)	286,738	
Fund Balances										
Unreserved/Undesignated:										
General Fund	(158,628)								(158,628)	
Special Revenue Fund	-							15,872	15,872	
Total Fund Balances	(158,628)	-	-	-	-	-	-	15,872	(142,756)	
Total Liabilities and Fund Balances	\$ 143,982	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	

Amounts reported for governmental activities in the statement of net assets are different because:
 Compensation absences are not paid for out of current financial resources and therefore are not reported funds
 Capital assets used in governmental activities are not resources therefore are not reported in the funds
 Capital lease obligations are not paid out of current financial resources and therefore are not reported funds
 Net assets of Governmental Activities

(44,755)
141,339
(33,051)
\$ (79,223)

The accompanying notes are an integral part of this statement.

EAST BATON ROUGE COUNCIL ON AGING, INC
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2004

	General Fund	Title III C-1 AAA	Title III - B	Title III C-1	Title III C-2	Title III - D	Title III - E	U.S.D.A. Cash	Senior Center	Total Non Major Funds	Total
Revenue											
Intergovernmental:											
City of Baton Rouge	\$ 661,050	-	-	-	-	-	-	-	-	-	\$ 661,050
Office of Elderly Affairs	65,747	86,551	292,761	283,420	316,930	14,146	102,804	100,744	190,474	124,666	1,578,243
Office of Rural Development Corporation for National and Community Service	-	-	-	-	-	-	-	-	-	-	15,016
Interest Income	45	-	-	-	-	-	-	-	-	69,704	69,704
Unrestricted Public Support	4,078	-	-	-	-	-	-	-	-	45	45
Restricted Public Support	480	-	-	-	1,245	-	-	-	-	1,663	4,078
Program Service Fees:											
Participant Contributions	7,475	-	66	46,843	2,435	-	-	-	-	-	56,819
Program Income	42,936	-	-	-	-	-	-	-	-	-	42,936
Medicare and Medicaid Reimbursements	-	-	42	-	-	-	-	-	-	-	42
Crafts	1,019	-	-	-	-	-	-	-	-	-	1,019
Senior Olympics Entry Fee	13,618	-	-	-	-	-	-	-	-	-	13,618
Miscellaneous:											
Platinum Record Ad Sales	50,572	-	-	-	-	-	-	-	-	-	50,572
Consignment Store Sales	-	-	-	-	-	-	-	-	-	-	-
Senior Olympics Sponsorship	11,376	-	-	-	-	-	-	-	-	-	11,376
General Public via Entergy	14,988	-	-	-	-	-	-	-	-	-	14,988
Other	34,766	-	43,059	169,285	30,562	1,002	9,326	-	50,000	-	338,000
In-Kind Contributions	923,176	86,551	335,928	499,548	351,172	15,148	112,130	100,744	240,474	245,933	2,910,804
Expenditures											
Current:											
Salaries and Wages	225,063	54,278	326,172	257,423	238,199	44,800	85,238	-	82,333	68,587	1,382,093
Fringe	34,393	9,310	58,698	42,734	36,818	5,543	18,054	-	14,220	13,579	233,349
Travel	8,529	291	11,691	829	26,644	522	3,217	-	260	1,045	53,028
Operating Services	72,697	18,429	50,631	55,472	45,129	6,950	13,223	-	-	-	274,656
Operating Supplies	20,099	1,860	4,004	9,087	8,172	2,344	993	-	-	2,161	48,740
Other Costs	100,069	2,363	17,159	1,984	1,835	545	657	-	-	32,285	156,897
Meals	8,688	-	-	99,905	116,211	-	-	-	-	-	224,804
Utility Assistance	-	-	-	-	-	-	-	-	-	149,697	149,697
Sub-Grantee	-	-	-	-	-	-	-	-	-	70,000	70,000
Capital Outlay	30,118	-	-	-	-	-	-	-	-	-	30,118
Debt Service:											
Principle Retirement	12,390	-	-	-	-	-	-	-	-	-	12,390
Interest	13,354	-	-	-	-	-	-	-	-	-	13,354
Sponsorship Expense	1,211	-	-	-	-	-	-	-	-	-	1,211
In-Kind Services and Facilities	34,766	86,551	43,059	169,285	30,562	1,002	9,326	-	50,000	-	338,000
Excess (deficiency) of Revenue over Expenditures	361,799	-	(175,486)	(137,171)	(152,398)	(46,558)	(18,578)	100,744	93,661	(103,546)	(77,533)
Other Financing Sources (Uses)											
Operating Transfers In	250,828	-	175,486	137,171	152,398	46,558	18,578	-	-	35,766	816,785
Operating Transfers Out	(590,380)	-	-	-	-	-	-	(100,744)	(93,661)	(92,000)	(816,785)
Prior Period Adjustment - GOEA	(5,257)	-	-	-	-	-	-	-	-	-	(5,257)
Proceeds from Capital Leases	12,642	-	-	-	-	-	-	-	-	-	12,642
Excess (deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	29,632	-	-	-	-	-	-	-	-	(99,780)	(70,148)
Fund Balances											
Beginning of Year	(188,260)	-	-	-	-	-	-	-	-	115,652	(72,608)
End of Year	\$ (156,628)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,872	\$ (142,756)

The accompanying notes are an integral part of this statement.

Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental
Funds to the Statement of Activities
East Baton Rouge Council on Aging, Inc.
Baton Rouge, Louisiana

Year Ended June 30, 2004

Net (Decrease) in fund balances – total governmental funds	\$ (70,148)
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$36,079) exceed capital outlay (\$30,118) in the current period.</p>	
	(5,961)
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:</p>	
Capital lease obligations	(252)
Compensated absences	<u>644</u>
Decrease of net assets of governmental activities	<u>\$ (75,717)</u>

EAST BATON ROUGE COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2004

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities and Reporting Entity

In 1964, the State of Louisiana passed Act 456, which authorized the charter of voluntary councils on aging for the welfare of the aging people in their respective parishes. Charters are issued by the Louisiana Secretary of State upon approval by the Governor's Office of Elderly Affairs. The East Baton Rouge Council on Aging, Inc. is a non-profit, quasi-public corporation which must comply with the policies and regulations established by the Governor's Office of Elderly Affairs, the state agency which provides the Council with most of its revenues. Other entities that provide the Council with federal, state, or local funds may impose some additional requirements.

The primary function of the East Baton Rouge Council on Aging, Inc. is to improve the quality of life for the parish's elderly and to provide services to the elderly as well as coordinate and monitor the services of other local agencies serving the aging people of the parish. Some of the services provided by the Council include congregate and home delivered meals, health care services, nutritional education, information and referral, legal assistance, homemaker services, operating senior centers, and outreach. A Board of Directors, consisting of eleven voluntary members who serve three-year terms, governs the Council.

Before January 1, 1992, the Council operated as part of City of Baton Rouge. Effective January 1, 1992, the Council began operating as a stand-alone entity, responsible for managing all of its affairs. The Council is not classified as a component unit of another primary government nor does it have any component units. It is determined to be a separate special-purpose governmental entity and presents its financial statements in a form appropriate to that classification.

Presentation

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

EAST BATON ROUGE COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS

June 30, 2004

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The accompanying financial statements conform to accounting principles generally accepted in the United States of America as applicable to governmental entities as prescribed by the GASB, and the applicable requirements set forth in Audits of State and Local Governmental Units, the industry audit guide issued by the American Institute of Certified Public Accountants; Subsection VIII – Annual Financial Reporting, accounting manual for Governor’s Office of Elderly Affairs contractors; and , the Louisiana Governmental Audit Guide.

Management’s 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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Income Tax Status

The Council, a quasi-governmental entity, is exempt from federal income taxes under section 501(C) (3) of the Internal Revenue Code.

Fund Accounting

The Council uses funds to report its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain functions or activities.

The accounts of the Council are organized on the basis of funds which are considered separate accounting entities. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues, and expenditures. Resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into three generic fund types.

EAST BATON ROUGE COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2004

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Fund Types

Governmental funds are those through which the functions of the Council are financed. The general activities of the Council, including the collection and disbursement of specific or legally restricted monies, the acquisition of general fixed assets, and the servicing of general long-term obligations are accounted for within the various governmental fund types as follows:

General Fund – The General Fund is the general operating fund of the Council. It is used to account for all financial resources except those required to be accounted for in another fund. These discretionary funds are accounted for and reported according to the source (federal, state, or local) from which they are derived. In addition, the servicing of general long-term debt is accounted for in the General Fund because unrestricted resources are used to pay for the liabilities incurred by this fund.

The General Fund is considered a Major Fund of the Council.

The following programs comprise the Council's General Fund:

Local

Revenues such as donations from the general public, funding from the local City-Parish government, income from various fund raising activities, and interest earned on invested idle funds have been recorded in the local program of the general fund. Expenses related to these activities as well as expenses not chargeable to specific programs are recorded in the local program. Local program funds are also transferred to other funds and programs to supplement their funding when needed. Most of the Council's fixed assets are acquired with local program funds.

PCOA

PCOA funds are appropriated for the Council by the Louisiana Legislature and remitted to the Council via the Governor's Office of Elderly Affairs (GOEA). The Council may use these "Act 735" funds at its discretion provided the program benefits people who are at least 60 years old. During fiscal year 2004, all PCOA funds were used to supplement Title III programs.

EAST BATON ROUGE COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2004

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Health Screening

The Council provides health-screening services and flu shots to enable senior citizens to detect health problems and prevent disease.

Fan and Blanket Fund

The Council occasionally collects donations for fans and blankets and distributes these items to senior citizens. There were no fan/blanket drives during the fiscal year 2004.

Senior Activities

The Senior Activities fund is used to account for revenues and costs associated with senior activities. These activities include, but are not limited to craft classes held at senior centers, a consignment store that enables senior citizens to market their crafts, an annual fishing rodeo, and sponsorship of the annual Senior Olympics.

Paid Meals

Paid Meals is a program whereby guest meals are sold at C-1 congregate meal sites, and C-2 frozen meals are delivered to the homes of persons who pay the full cost of the meal. Any revenues in excess of expenditures to operate this program are transferred, as needed, to the Title III C-1 and C-2 programs to subsidize the costs of providing such meals.

Public Relations

The Council uses its public relations program to inform and educate the community about its services and programs. The Council's newspaper, "The Platinum Record", is published on a bi-monthly basis to homes and other locations in East Baton Rouge Parish to inform readers about the Council's activities and provide information to help elderly people.

EAST BATON ROUGE COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2004

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Senior Net Learning Center

The Council operates a Senior Net Learning Center where computer classes are held for the purposes of training and enhancing the computer skills of people 50 years of age and older.

Major Special Revenue Funds

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. Most of the Council’s special revenue funds are provided by GOEA. The Title III funds are provided by the United States Department of Health and Human Services – Administration on Aging through the Governor’s Office of Elderly Affairs which in turn “passes through” the funds to the Council.

A fund is considered “major” if it is the primary operating fund of the Council or if its total assets, liabilities, revenues, or expenditures are at least 10% of the corresponding total for all funds of that category type.

The following are the funds that comprise the Council’s Major Special Revenue Funds:

Title III C Area Agency Administration – (AAA) Fund

The Title III C Area Agency Administration (AAA) Fund is used to account for some of the administrative costs associated with operating the Special Programs for the Aging.

EXHIBIT F

EAST BATON ROUGE COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS
 June 30, 2004

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Title III-B Supportive Services Fund

The Title III-B Supportive Services Fund is used to account for funds which are to provide a variety of social services; such as, information and assistance, access services, in-home services, community services, legal assistance, and outreach for people over the age 60 and older.

GOEA has established the criteria for defining a qualifying unit of service for each Title III program. Specific supportive social services, along with the number of units provided during the fiscal year, are as follows:

	<u>Units</u>
• Information and Assistance	2609
• Homemaker	3321
• Outreach	11269
• Wellness	20576
• Medication Management	12381

Title III C-1 Fund

The Title III C-1 Fund is used to account for funds that are used to provide nutritional, congregate meals to the elderly in strategically located meal sites in East Baton Rouge Parish. During the year, the Council served approximately 78,531 congregate meals to people eligible to participate in this program.

Title III C-2 Fund

Title III C-2 Fund is used to account for funds that are used to provide nutritional, home-delivered meals to home bound older persons. During the year, the Council served approximately 83,145 home delivered meals to people eligible to participate in this program.

Title III D Fund

The Title III D Fund is used to account for funds that provide disease prevention and health promotion services. During the year, the Council provided wellness activities designed to support and/or improve the older persons mental and/or physical well being including exercise/physical fitness classes and health screening sessions. The Council also provided medication management services, which included screening and educating older persons to prevent incorrect medications usage and adverse drug reactions.

Title III E Fund

The Title III E Fund is used to account for funds, which provide various caregiver support services. This includes public education, information and assistance, support groups, in-home respite care, and personal care services.

EAST BATON ROUGE COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2004

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

U.S.D.A. Fund

The U.S.D.A Fund is used to account for the administration of Nutrition Program for the Elderly funds provided by the United States Department of Agriculture through the Governor's Office of Elderly Affairs, which in turn "passes through" the funds to the Council.

Senior Center Fund

The Senior Center Fund is used to account for the administration of Senior Center program funds appropriated by the Louisiana Legislature to the Governor's Office of Elderly Affairs, which in turn "passes through" the funds to the Council. This program provides funding for community service centers where older persons can receive supportive services and participate in activities which foster their independence, enhance their dignity, and encourage their involvement in and with the community. The Council operates four senior centers in East Baton Rouge Parish, Louisiana.

Non Major Special Revenue Funds

Audit Fund

The Audit Fund is used to account for funds received from the Governor's Office of Elderly Affairs that are restricted to use as a supplement to pay for the cost of having an annual audit of the Council's financial statements.

Supplemental Senior Center Fund

The Supplemental Senior Center Fund is used to account for the additional money appropriated by the Louisiana Legislature to supplement the primary state grant for senior centers. These funds are "passed through" the Governor's Office of Elderly Affairs.

The supplemental senior center grant received by the Council from the Legislature specified that \$70,000 be passed through to Serenity 67, subject to the oversight of the Council. Serenity 67 is a nonprofit 501(c)(3) community service organization designed to assist the citizens of Louisiana House of Representatives District 67 and the surrounding areas to experience a more positive community life.

EAST BATON ROUGE COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS

June 30, 2004

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Retired Senior Volunteers Program (RSVP) Fund

The Retired Senior Volunteer Program Fund is used to account for federal funds provided directly by The Corporation for National and Community Service (CNCS) and state funds that are provided directly by the Governor's Office of Elderly Affairs. These funds are used to pay travel and other out-of-pocket expenses incurred by senior citizens, age 55 and over, who have volunteered their time to assist non-profit and governmental entities in East Baton Rouge Parish, Louisiana. During the grant year ending December 31, 2003, approximately 77,000 hours of volunteer services were provided through RSVP.

RAPP Fund

RAPP (Relatives As Parents Program) was originally established using grant provided to the Council by the Brooksdale Foundation, which is developing a Grandparents Resource Center for the State of Louisiana. The Council provides educational seminars for grandparents who are raising their grandchildren.

Utility Assistance Fund

The Utility Assistance Fund is used to account for Project Care, which is sponsored by Entergy, a local utility company. Entergy collects contributions from service customers and employees and remits the funds directly to the Council. These funds are used to provide financial assistance to the elderly for the payment of their utility bills.

Fiduciary Fund – Fiduciary Funds are used to account for assets held by the Council in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. Fiduciary funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The agency fund is used to account for assets held by the Council as an agent for individuals and other organizations.

**EAST BATON ROUGE COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS**

June 30, 2004

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. Capital assets are long-lived assets that have been purchased or acquired with an original cost of at least \$1,000 and that have an estimated useful life of greater than one year. When purchased or acquired, these assets are recorded as capital assets in the Government-Wide Statement of Net Assets. In contrast, in the Fund Financial Statements, capital assets are recorded as expenditures of the fund that provided the resources to acquire the asset. If the asset was purchased, it is recorded in the books at its cost. If the asset was donated, then it is recorded at its estimated fair market value at the date of donation.

For capital assets recorded in the Government-Wide Financial Statements, depreciation is computed and recorded using the straight-line method for the assets estimated useful life. The estimated useful lives of the various classes of depreciable capital assets are as follows:

Building Improvements	20 years
Equipment	5 – 7 years
Vehicles	5 years
Computers	3 years

Salvage values have not been estimated by management when calculating how much of an asset's cost needs to be depreciated except for vehicles. For that category of capital assets, management has used 10% of the vehicles initial cost as a salvage value estimate.

Depreciation is not computed or recorded on capital assets for purposes of the Fund Financial Statements.

Basis of Accounting

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

EAST BATON ROUGE COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2004

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental funds are maintained on the modified accrual basis of accounting wherein revenues are recognized in the accounting period in which they become available and measurable. Expenditures are recognized in the accounting period in which the liability is incurred, if measurable, except for the following:

- (1) Principle and interest on long-term debt are recorded when due, and
- (2) Claims and judgments and compensated absences are recorded as expenditures when paid with expendable available financial resources.

Revenue Recognition

Revenues are recorded in the Government-Wide Statements when they are earned under the accrual basis of accounting. Revenues are recorded in the Fund Financial Statements using the modified accrual basis of accounting. In applying the susceptible to accrual concept using this basis of accounting, intergovernmental grant revenues, program service fees, and interest income usually are both measurable and available. However, the timing and amounts of the receipts of public support and miscellaneous revenues are often difficult to measure; therefore, they are recorded as revenue in the period received.

**EAST BATON ROUGE COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS**

June 30, 2004

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Transfers and Interfund Loans

Advances between funds, which are not expected to be repaid, are accounted for as transfers. In those cases where repayment is expected, the advances are classified as due from other funds or due to other funds on the balance sheet. Short-term interfund loans are classified as interfund receivables/payables.

Budget Policy

The Council used the following procedures to derive the budgetary data which has been presented in these financial statements:

The Governor's Office of Elderly Affairs (GOEA) notifies the Council each year as to the funding levels for each program's grant award. GOEA awards funds using the same fiscal year as the Council, except for the RSVP program award, which is on a calendar year basis.

The City of Baton Rouge notifies the Council each year as to the amount included in the City-Parish budget for the Council. Because the City of Baton Rouge operates on a calendar year, its fiscal year will overlap the Council's fiscal year. Accordingly, the Council's management can predict with reasonable accuracy how much money the Council will have available for the first six months of its fiscal year. Management estimates the City's allocation for the last six months of the Council's fiscal year until the City notifies the Council of the exact allocation. Management will then incorporate the actual allocation amount into the Council's amended budget. Funds received from the City of Baton Rouge are unrestricted as to use by the Council on Aging.

The Council may also obtain grants from agencies other than GOEA and the City of Baton Rouge, and the Council considers the potential revenues to be earned under those grants.

Projections are made of revenues from other sources based on past trends and data available to form expectations of future revenues.

EAST BATON ROUGE COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2004

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Council's management prepares a proposed budget based on the expected funding levels and then submits the budget to the Board of Directors for approval.

The Board of Directors review and adopts the budget before May 31 of the current year for the next year.

The adopted budget is forwarded to the Governor's Office of Elderly Affairs for its final approval.

All budgetary appropriations for grants awarded the Council by GOEA lapse at the end of each fiscal year (June 30), except for USDA Cash in lieu of Commodities funding and the grant for the RSVP program. Both the grant award from GOEA and the grant award from The Corporation for National and Community Service for the RSVP program lapse at December 31. Occasionally, the Council will receive a special project grant that may operate on a period different from the Council's normal fiscal year and, therefore, have a specified date where the budgetary appropriation will lapse.

The budget is prepared on a modified accrual basis, consistent with the basis of accounting, for comparability of budgeted and actual revenues and expenditures.

Budgeted amounts included in the accompanying financial statements include the original adopted budget amounts and all subsequent amendments, which must also be adopted by the Board of Directors and approved by GOEA.

Actual amounts are compared to budgeted amounts periodically during the fiscal year as a management control device.

The Council may transfer funds between line items as often as required but must obtain prior approval from the Governor's Office of Elderly Affairs for funds received under grants from this state agency. As part of its grants awards, GOEA requires the Council to amend its budget in cases where actual costs for a particular cost category exceed the budgeted amount by more than 10%. Otherwise, the excess costs could be labeled as unauthorized expenditures.

EAST BATON ROUGE COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2004

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Expenditures cannot legally exceed appropriations on an individual fund level.

The primary budget requirement under the RSVP program's grant from The Corporation for National and Community Services is that the ratio of volunteer expenses to total program expenses must equal or exceed the ratio in the approved budget.

The Council is not required by state or local law to prepare a budget for every program or activity it conducts. Accordingly, some General Fund activities are not budgeted, particularly if they are deemed to be immaterial by management.

Compensated Absences

Full time employees earn vacation leave, beginning with the first full month of employment, at the rate of one day pay per month. The earning rate for vacation leave increases with each year of employment up to 1.75 days per month for employees with ten or more years of service.

Beginning June 15, 1992, no more than 5 days of vacation leave may be carried over at the end of the fiscal year. Prior to June 15, 1992, any amount of earned and unused vacation leave could be carried over with no limitation on its use. Payment of any vested vacation leave is made by the Council upon termination of an employee for any reason.

GASB Statement No. 16 requires the accrual for vacation leave to the extent it is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement. The Council recorded a liability as of June 30, 2004 for the accrued vacation for each employee at the employee's current rate of pay. Standards require that applicable provisions for retirement, social security, and Medicare taxes be included in the accrued compensations. Accrued vacation benefits will be paid from future year's resources and will be recorded as fund expenditures in the various governmental funds in the year in which they are paid or become due on demand to terminated employees.

GASB Statement No. 16 requires the accrual for sick leave if it is probable that the employer will compensate the employees for the benefits through cash payments conditioned on the employee's termination or retirement. Since the accumulated sick leave lapses upon termination, no amount has been accrued.

EAST BATON ROUGE COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The management of the Council has estimated that the portion of its liability for accrued compensated absences to paid from expendable available financial resources is not material. Consequently, the total amount of accrued compensation is reported in the general long-term debt account group.

Restricted Assets

Restricted assets are those that have primarily been acquired through donations or grants whereby the donor or grantor has placed a restriction on how the funds can be used by the Council. Restricted assets are offset by a corresponding reservation of the Council's fund balance.

Reservation and Designations of Fund Balances

The Council "reserves" portions of its fund balances that are not available for expenditure because resources have already been expended but the related asset not consumed, or a legal restriction has been placed on certain assets which make them only available to meet future obligations. Designated allocations of fund balances result when the Council's management intends to expend certain resources in a designated manner.

Prepaid Expenses

The Council has elected not expense amounts paid for future services until those services are consumed to comply with the cost reimbursement terms of its grant agreements. The fund balances in the governmental fund types have been reserved for any prepaid expenses recorded in these funds to reflect the amount of fund balance not currently available for expenditure.

Inventory

Inventories consists principally of food and kitchen supplies that have not been consumed as of year-end and of resource materials for Senior Net classes. Such inventories are valued at the lower cost or market under the first-in, first-out method. Amounts reported as inventories are equally offset by a fund balance reserve which indicates that they do not constitute available spendable resources even though they are a component of net current assets.

EAST BATON ROUGE COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS
 June 30, 2004

B: CASH

The Council maintains a consolidated bank account that is available for use by all funds. The Council's deposits at June 30, 2004 are categorized below to give an indication of the level of risk assumed by the Council at year-end. Category 1 includes deposits that are insured or collateralized with securities held by the Council or by its agent in the Council's name. Category 2 includes deposits that are uncollateralized and any bank balance that is collateralized with securities held by the pledging financial institution or by its trust department or agent but not in the entity's name.

	Bank <u>Balance</u>	----Category-----			Carrying <u>Value</u>
		<u>1</u>	<u>2</u>	<u>3</u>	
Total Deposits	<u>\$95,518</u>	<u>\$95,518</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$95,518</u>

All amounts shown in Category 3 are uncollateralized. However, state law does require collateralization and when such collateral is in the form of securities pledged by the financial institution but not held in the Council's name there is a statutory requirement that the custodial bank sell the pledged security within ten days of notification that the depository bank has failed to pay deposited funds on demand.

C: RECEIVABLES ON FUNDING CONTRACTS

There are no receivables on funding contracts at June 30, 2004, due from the Governor's Office of Elderly Affairs.

D: CHANGES IN LONG-TERM DEBT

The following is a summary of transactions relating to the Council's long-term debt during the year.

	Balance <u>7/1/2003</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>6/30/2004</u>
Accrued compensated absences	\$ 45,399	\$ -	\$ 644	\$ 44,755
Capital lease obligations	<u>32,799</u>	<u>6,480</u>	<u>6,228</u>	<u>33,051</u>
	<u>\$ 78,198</u>	<u>\$ 6,480</u>	<u>\$ 6,872</u>	<u>\$ 77,806</u>

EAST BATON ROUGE COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2004

E: FIXED ASSETS

A summary of changes to fixed assets for the year ended June 30, 2004, is as follows:

	Balance June 30, <u>2003</u>	<u>Additions</u>	<u>Deletions</u>	Balance June 30, <u>2004</u>
Vehicles	\$ 73,128	\$ 15,016	\$ -	\$ 88,144
Office furniture and equipment	89,451	2,460	-	91,911
Computer software	38,239	-	-	38,239
Nutrition equipment	62,045	-	-	62,045
Leasehold improvements	90,105	-	-	90,105
Capital lease equipment	<u>49,722</u>	<u>12,642</u>	-	<u>62,364</u>
	<u>\$402,690</u>	<u>\$ 30,118</u>	<u>\$ -</u>	<u>\$432,808</u>

F: LEASE COMMITMENTS*Capital Leases*

At June 30, 2004, the Council had the following capital leases:

<u>Nature of Lease</u>	<u>Monthly Payment</u>	<u>Number of Months</u>	<u>Beginning Date</u>	<u>Imputed Interest</u>
Copy Machine	\$571	60	6/1/2000	10.29%
Computer Equipment	525	60	10/1/2002	13.09%
Computer Equipment	436	36	11/9/2003	14.66%

Future minimum lease payments, by year and in the aggregate, are as follows:

<u>Year Ended June 30,</u>	<u>Amount</u>
2005	17,813
2006	11,532
2007	8,044
2008	<u>1,575</u>
Total minimum lease payments remaining	38,964
Less: Imputed interest	<u>(8,913)</u>
Present value of net minimum lease payments at June 30, 2004	<u>\$30,051</u>

EAST BATON ROUGE COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS
 June 30, 2004

F: LEASE COMMITMENTS*Operating Leases*

On September 1, 1992, the Council entered into a lease with the City of Baton Rouge for the building that houses the Council's main office at 5790 Florida Boulevard, Baton Rouge, Louisiana. The terms of this lease require annual payments of \$1 for ten years. The Council is responsible for utilities, normal repairs, and maintenance, and liability, fire and casualty insurance.

G: IN-KIND DONATIONS

The Council received \$338,000 in various in-kind contributions during the year which have been valued at their estimated fair market value and presented in this report as revenue. Related expenditures, equal to the in-kind revenues, have also been presented, thereby producing no effect on net revenue.

A summary of the in-kind contributions and their respective assigned values is as follows:

The Council's main office facility was furnished by the City of Baton Rouge for \$1.00 per year. Maintenance workers are also included	\$210,000
Senior center/meal site facilities and health screening sites are furnished to the Council without charge	124,000
Other donated services	<u>4,000</u>
	<u>\$338,000</u>

**EAST BATON ROUGE COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS**

June 30, 2004

G: IN-KIND DONATIONS (Continued)

The Council receives additional support through services contributed by volunteers that does not meet the criteria for recognition under generally accepted accounting principles because the Council would not hire additional paid employees to perform these services if volunteers were not available.

H: DEFERRED COMPENSATION

The Council offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is available to all Council employees and permits them to defer a portion of their salary until future years. Participation in the plan is at the employee's option.

The deferred compensation is not available to participating employees until termination, retirement, death or unforeseeable emergency. All assets and income of the plan are held in trust for the exclusive benefit of the participants and their beneficiaries. In accordance with GASB statement No. 32, the Council does not present the investment in deferred compensation and the offsetting deposits and escrow accounts as assets and liabilities on its combined balance sheet. At June 30, 2004, the plan assets totaled \$75,063.

I: BOARD OF DIRECTOR'S COMPENSATION

Service on the Board of Directors is voluntary and, therefore, members are not compensated in the form of per diem. Members of the Board are reimbursed for travel expenses.

EXHIBIT F

EAST BATON ROUGE COUNCIL ON AGING, INC.
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2004

J: INTERFUND TRANSFERS

Transfers in and out are listed by fund type for the year ended June 30, 2004:

<u>Transfers In</u>	<u>Transfers Out</u>					<u>Total Transfers In</u>
	<u>PCOA</u>	<u>USDA</u>	<u>Senior Center</u>	<u>Sup Senior Center</u>	<u>General Fund</u>	
<u>Special Revenue Fund:</u>						
Title III B	\$ 2,668	\$ -	\$93,661	\$ 2,561	\$ 76,596	\$175,486
Title III D	-	-	-	-	46,558	46,558
Title III E	-	-	-	-	18,578	18,578
Title III C-1	63,079	50,372	-	23,720	-	137,171
Title III C-2	-	-	50,372	5,719	96,307	152,398
RSVP	-	-	-	-	16,253	16,253
Utility	-	-	-	-	-	-
Assistance	-	-	-	-	15,550	15,550
Audit	-	-	-	-	3,963	3,963
<u>General Fund:</u>						
Health						
Screening	-	-	-	-	105,666	105,666
Senior						
Activities	-	-	-	-	31,256	31,256
Paid Meals	-	-	-	-	662	662
Public						
Relations	-	-	-	-	98,407	98,407
Senior Net	-	-	-	-	14,837	14,837
<u>Total Transfers</u>						
Out	<u>\$65,747</u>	<u>\$100,744</u>	<u>\$93,661</u>	<u>\$32,000</u>	<u>\$524,633</u>	<u>\$816,785</u>

K: EMPLOYEE BENEFITS

The Council maintains a cafeteria plan allowable under IRC Section 125 for its eligible full-time employees. Employees may elect to reduce compensation to pay for personal health, dental and/or disability insurance.

EAST BATON ROUGE COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2004

L: ECONOMIC DEPENDENCY

The Council receives the majority of its revenue from grants administered by the Louisiana Governor's Office of Elderly Affairs and quarterly allocations from the City of Baton Rouge, Louisiana. The grant amounts are appropriated each year by the federal, state, and local governments. If significant budget cuts are made at the federal, state and/or local level, the Council's funding could be reduced significantly and have an adverse impact on its operations. However, management is not aware of any actions by Council funding sources that will adversely affect operations in the next fiscal year.

M: FEDERALLY ASSISTED PROGRAMS – COMPLIANCE CONTINGENCIES

Federal and State assistance programs represent an important source of funding for the Council. These programs are audited annually in accordance with the "Single Audit Act". Prior audits have not resulted in any significant disallowed costs; however, grantor agencies may conduct or require further examinations. Based upon prior experience, Council management believes that further examination would not result in any significant disallowed costs.

N: RELATED PARTY TRANSACTIONS

The Council is the sponsoring agency for the Dumas House Corporation, as separate 501(c) (3) non-profit entity that received a loan from HUD to purchase property, design, and build a 66 unit apartment complex for senior citizens. As the sponsoring agency, the Council paid \$10,409 in project start-up costs in fiscal 2000 for which a total of \$6,500 was repaid in year 2001. Other costs and support were charged against year 2000 operations. In its capacity as a sponsor, the Council purchased a \$10,000 certificate of deposit and placed it in escrow for the Dumas House Corporation as a "minimum capital investment" required under the terms of the HUD loan agreement. Also, in fiscal year 2001, the Council under a loan agreement advanced Dumas House \$39,492 to pay the local sewer impact fee for the facility under construction. In fiscal 2002, it was determined that the sewer impact fee was an unallowable expense to the Dumas House under the HUD agreement and therefore is not reimbursable to the Council and is shown in the current combined statement of revenue, expenditures and changes in fund balance as a sponsorship expense. Included in other receivables in the combined balance sheet is a total of \$13,909 due from Dumas House for the "minimum capital investment" and the unreimbursed start-up costs. The Council has not charged any interest to the Dumas House Corporation.

EAST BATON ROUGE COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2004

The Council is also the income and principal beneficiary of The Oscar Lafleur Charitable Trust, the trustee of which is the Council's former executive director. There were no transactions with the trust during the current year. The Council is in litigation regarding the sale of trust assets. See footnote R.

O: REQUIRED INDIVIDUAL FUND DISCLOSURES

The Utility Assistance Fund had a deficiency of revenue and other sources over expenditures and other uses for the year ended June 30, 2004 of \$(99,797).

P: LINE OF CREDIT

The Council established a line of credit with a local financial institute on May 1, 2002, in the amount of \$125,000. The balance at June 30, 2004 was \$106,460. The credit line drawings on the line bear interest at a rate that varies with a designated prime rate "index". The rate was 4.5% at June 30, 2004. The credit line drawings are secured by the Council's depository accounts held in the financial institution.

Q. NEW REPORTING STANDARD

In June 1999, The Governmental Accounting Standards Board (GASB) unanimously approved State No. 34, *Basic Financial Statement* – and *Management's Discussion and Analysis* – for State and Local Governments. Certain of the significant changes in the Statement include the following:

For the first time the financial statements include:

- A Management Discussion and Analysis (MD&A) section providing an analysis of the Council's overall financial position and results of operations.
- Government-Wide Financial Statements prepared using full accrual accounting for all of the Council's activities.
- A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to the financial statements). The Council has elected to implement the general provisions the GASB Statement 34 in the current year.

EAST BATON ROUGE COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS

June 30, 2004

R. LITIGATION – ROSEWOOD PLANTATION

The Council has filed suit against its former executive director and a corporation related to the former executive director. The suit contends that the former executive director, and the related corporation conspired to defraud the Council out of a \$1.3 million plantation and money and other property from an irrevocable trust created for the sole benefit of the Council. The plantation was later sold for a fraction of its value, namely \$199,348. The Council seeks rescission of the “Cash Sale” as well as damages. Should the Council prevail, it would receive back the plantation and other property as well as damages. Legal fees for this matter for the year ended June 30, 2004, were \$72,697.

S. UNCERTAINTY: ABILITY TO CONTINUE AS A GOING CONCERN

The Council’s financial statements for the year ended June 30, 2004, have been prepared assuming that the Council will continue as a going concern. Because the Council has a Government-Wide fund deficit balance of \$(79,223) and a General Fund of deficit balance of \$(236,434), substantial doubt has been raised about its ability to continue as a going concern.

This concern has been alleviated by the following factors:

- The General Fund reported an increase in fund balance of \$29,632 for the year ended June 30, 2004, an improvement of \$237,039 over fiscal year 2003.
- The Board of Directors and Management are more closely monitoring budget vs. actual reports. Budgets are more realistic because actual results are considered.
- Revenue from GOEA and City of Baton Rouge is expected to be consistent with prior years – revenue is stable.
- Expenditures are being closely monitored and certain services are being out sourced to reduce cost.
- Programs with deficits are being streamlined. Public Relations and Health Screening Funds are being closely monitored by the Board.
- Litigation concerning the Trust is in the final stages and a possible settlement is probable. This will conclude high legal expenses and provide for revenue recovery.
- Bank line of credit is available to cover shortages.

SUPPLEMENTARY FINANCIAL INFORMATION

Required by GASB 34

**SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
GENERAL FUND**

**EAST BATON ROUGE COUNCIL ON AGING, INC.
BATON ROUGE, LOUISIANA
FOR THE YEAR ENDED JUNE 30, 2004**

<u>REVENUES</u>	<u>BUDGETS</u>		<u>ACTUAL</u>	<u>FAVORABLE (UNFAVORABLE) VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
Intergovernmental:				
City of Baton Rouge	\$ 661,048	\$ 661,048	\$ 661,050	\$ 2
Office of Elderly Affairs	56,602	65,747	65,747	-
Office of Rural Development	-	15,000	15,016	16
Interest Income	-	-	45	45
Unrestricted Public Support	1,700	3,605	4,078	473
Restricted Public Support	-	-	490	490
Program Service Fees:				(25)
Participant Contributions	7,500	7,500	7,475	2,936
Program Income	54,000	40,000	42,936	-
Crafts	300	300	1,019	719
Senior Olympics Entry Fee	-	-	13,618	13,618
Miscellaneous:				
Platinum Record Ad Sales	75,000	75,000	50,572	(24,428)
Senior Olympic Sponsorship	-	-	11,376	11,376
Other / Fund Raising	304,700	27,200	14,988	(12,212)
In-Kind Contributions	34,766	34,766	34,766	-
	<u>1,195,616</u>	<u>930,166</u>	<u>923,176</u>	<u>(6,990)</u>
Expenditures				
Current:				
Salaries and Wages	242,476	220,428	225,063	(4,635)
Fringe	39,449	31,602	34,393	(2,791)
Travel	10,634	8,686	8,529	157
Operating Services	102,156	69,711	72,697	(2,986)
Operating Supplies	11,550	23,714	20,099	3,615
Other Costs	126,255	107,156	100,069	7,087
Meals	13,867	8,761	8,688	73
Capital Outlay	35,000	32,650	30,118	2,532
Debt Service:				
Principle Retirement	15,600	9,125	12,390	(3,265)
Interest	15,600	9,125	13,354	(4,229)
Sponsorship Expense	-	-	1,211	(1,211)
In-Kind Services and Facilities	34,766	34,766	34,766	-
	<u>647,353</u>	<u>555,724</u>	<u>561,377</u>	<u>(5,653)</u>
Excess (deficiency) of Revenue over Expenditures	548,263	374,442	361,799	(12,643)
Other Financing Sources (Uses)				
Operating Transfers In	-	-	250,828	250,828
Operating Transfers Out	(548,263)	(374,442)	(590,380)	(215,938)
Prior Period Adjustment-GOEA	-	-	(5,257)	(5,257)
Proceeds from Capital Leases	-	-	12,642	12,642
Excess (deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,632</u>	<u>\$ 29,632</u>

**SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
SPECIAL REVENUE FUND - TITLE III-B**

**EAST BATON ROUGE COUNCIL ON AGING, INC.
BATON ROUGE, LOUISIANA
FOR THE YEAR ENDED JUNE 30, 2004**

<u>REVENUES</u>	<u>BUDGETS</u>		<u>ACTUAL</u>	<u>FAVORABLE (UNFAVORABLE) VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
Intergovernmental:				
Office of Elderly Affairs	\$ 292,761	\$ 292,761	\$ 292,761	\$ -
Restricted Public Support	-	-	-	-
Other:				
Miscellaneous	300	-	42	42
Participant Contributions	-	-	66	66
Contributions in Kind	<u>43,059</u>	<u>43,059</u>	<u>43,059</u>	<u>-</u>
Total Revenues	<u>336,120</u>	<u>335,820</u>	<u>335,928</u>	<u>108</u>
<u>EXPENDITURES</u>				
Current:				
Expenditures in Kind	43,059	43,059	43,059	-
Salaries and Wages	261,243	284,994	326,172	(41,178)
Fringe	50,304	56,117	58,698	(2,581)
Travel	16,969	10,668	11,691	(1,023)
Operating Services	32,469	44,074	50,631	(6,557)
Operating Supplies	4,578	3,682	4,004	(322)
Other	19,131	18,417	17,159	1,258
Meals	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>427,753</u>	<u>461,011</u>	<u>511,414</u>	<u>(50,403)</u>
Excess of Revenues over (under) Expenditures	(91,633)	(125,191)	(175,486)	(50,295)
<u>OTHER FINANCING SOURCES USES</u>				
Operating transfers in	91,633	125,191	175,486	50,295
Operating transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
SPECIAL REVENUE FUND - TITLE III C-1**

**EAST BATON ROUGE COUNCIL ON AGING, INC.
BATON ROUGE, LOUISIANA
FOR THE YEAR ENDED JUNE 30, 2004**

<u>REVENUES</u>	<u>BUDGETS</u>		<u>ACTUAL</u>	<u>FAVORABLE (UNFAVORABLE) VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
Intergovernmental:				
Office of Elderly Affairs	\$ 283,420	\$ 283,420	\$ 283,420	\$ -
Restricted Public Support	-	-	-	-
Other:				
Miscellaneous	-	-	-	-
Participant Contributions	56,500	53,000	46,843	(6,157)
Contributions in Kind	<u>169,285</u>	<u>169,285</u>	<u>169,285</u>	<u>-</u>
Total Revenues	<u>509,205</u>	<u>505,705</u>	<u>499,548</u>	<u>(6,157)</u>
<u>EXPENDITURES</u>				
Current:				
Expenditures in Kind	169,285	169,285	169,285	-
Salaries and Wages	341,580	287,972	257,423	30,549
Fringe	51,802	45,347	42,734	2,613
Travel	2,036	1,104	829	275
Operating Services	55,886	61,021	55,472	5,549
Operating Supplies	10,185	9,662	9,087	575
Other	5,867	3,812	1,984	1,828
Meals	<u>157,265</u>	<u>106,075</u>	<u>99,905</u>	<u>6,170</u>
Total Expenditures	<u>793,906</u>	<u>684,278</u>	<u>636,719</u>	<u>47,559</u>
Excess of Revenues over (under) Expenditures	(284,701)	(178,573)	(137,171)	41,402
<u>OTHER FINANCING SOURCES USES</u>				
Operating transfers in	284,701	178,573	137,171	(41,402)
Operating transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
SPECIAL REVENUE FUND - TITLE III C-2**

**EAST BATON ROUGE COUNCIL ON AGING, INC.
BATON ROUGE, LOUISIANA
FOR THE YEAR ENDED JUNE 30, 2004**

<u>REVENUES</u>	<u>BUDGETS</u>		<u>ACTUAL</u>	<u>FAVORABLE (UNFAVORABLE) VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
Intergovernmental:				
Office of Elderly Affairs	\$ 316,930	\$ 316,930	\$ 316,930	\$ -
Restricted Public Support	-	-	1,245	1,245
Other:				
Miscellaneous	-	-	-	-
Participant Contributions	4,500	3,750	2,435	(1,315)
Contributions in Kind	<u>30,562</u>	<u>30,562</u>	<u>30,562</u>	<u>-</u>
Total Revenues	<u>351,992</u>	<u>351,242</u>	<u>351,172</u>	<u>(70)</u>
<u>EXPENDITURES</u>				
Current:				
Expenditures in Kind	30,562	30,562	30,562	-
Salaries and Wages	267,120	246,789	238,199	8,590
Fringe	37,939	37,454	36,818	636
Travel	29,232	27,715	26,644	1,071
Operating Services	38,187	45,013	45,129	(116)
Operating Supplies	8,483	8,078	8,172	(94)
Other	4,588	3,268	1,835	1,433
Meals	<u>141,369</u>	<u>125,163</u>	<u>116,211</u>	<u>8,952</u>
Total Expenditures	<u>557,480</u>	<u>524,042</u>	<u>503,570</u>	<u>20,472</u>
Excess of Revenues over (under) Expenditures	(205,488)	(172,800)	(152,398)	20,402
<u>OTHER FINANCING SOURCES</u>				
<u>USES</u>				
Operating transfers in	205,488	172,800	152,398	(20,402)
Operating transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
SPECIAL REVENUE FUND - TITLE III C-1 AAA**

**EAST BATON ROUGE COUNCIL ON AGING, INC.
BATON ROUGE, LOUISIANA
FOR THE YEAR ENDED JUNE 30, 2004**

<u>REVENUES</u>	<u>BUDGETS</u>		<u>ACTUAL</u>	<u>FAVORABLE (UNFAVORABLE) VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
Intergovernmental:				
Office of Elderly Affairs	\$ 86,551	\$ 86,551	\$ 86,551	\$ -
Restricted Public Support	-	-	-	-
Other:				
Miscellaneous	-	-	-	-
Participant Contributions	-	-	-	-
Contributions in Kind	-	-	-	-
<u>Total Revenues</u>	<u>86,551</u>	<u>86,551</u>	<u>86,551</u>	<u>-</u>
<u>EXPENDITURES</u>				
Current:				
Expenditures in Kind	-	-	-	-
Salaries and Wages	52,994	48,577	54,278	(5,701)
Fringe	9,452	7,771	9,310	(1,539)
Travel	913	617	291	326
Operating Services	18,615	25,442	18,429	7,013
Operating Supplies	1,880	1,966	1,880	86
Other	2,697	2,178	2,363	(185)
Meals	-	-	-	-
<u>Total Expenditures</u>	<u>86,551</u>	<u>86,551</u>	<u>86,551</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	-	-	-	-
<u>OTHER FINANCING SOURCES</u>				
<u>USES</u>				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
SPECIAL REVENUE FUND -TITLE III-D**

**EAST BATON ROUGE COUNCIL ON AGING, INC.
BATON ROUGE, LOUISIANA
FOR THE YEAR ENDED JUNE 30, 2004**

<u>REVENUES</u>	<u>BUDGETS</u>		<u>ACTUAL</u>	<u>FAVORABLE (UNFAVORABLE) VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
Intergovernmental:				
Office of Elderly Affairs	\$ 13,614	\$ 14,146	\$ 14,146	\$ -
Restricted Public Support	-	-	-	-
Other:				
Miscellaneous	-	-	-	-
Participant Contributions	-	-	-	-
Contributions in Kind	1,002	1,002	1,002	-
<u>Total Revenues</u>	<u>14,616</u>	<u>15,148</u>	<u>15,148</u>	<u>-</u>
<u>EXPENDITURES</u>				
Current:				
Expenditures in Kind	1,002	1,002	1,002	-
Salaries and Wages	26,665	46,842	44,800	2,042
Fringe	3,180	5,162	5,543	(381)
Travel	480	676	522	154
Operating Services	3,162	7,244	6,950	294
Operating Supplies	1,869	2,435	2,344	91
Other	458	820	545	275
Meals	-	-	-	-
<u>Total Expenditures</u>	<u>36,816</u>	<u>64,181</u>	<u>61,706</u>	<u>2,475</u>
Excess of Revenues over (under) Expenditures	(22,200)	(49,033)	(46,558)	2,475
<u>OTHER FINANCING SOURCES</u>				
<u>USES</u>				
Operating transfers in	22,200	49,033	46,558	(2,475)
Operating transfers out	-	-	-	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	\$ -	\$ -	\$ -	\$ -

**SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
SPECIAL REVENUE FUND - TITLE III-E**

**EAST BATON ROUGE COUNCIL ON AGING, INC.
BATON ROUGE, LOUISIANA
FOR THE YEAR ENDED JUNE 30, 2004**

<u>REVENUES</u>	<u>BUDGETS</u>		<u>ACTUAL</u>	<u>FAVORABLE (UNFAVORABLE) VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
Intergovernmental:				
Office of Elderly Affairs	\$ 91,841	\$ 102,804	\$ 102,804	\$ -
Restricted Public Support	-	-	-	-
Other:				
Miscellaneous	-	-	-	-
Participant Contributions	-	-	-	-
Contributions in Kind	9,326	9,326	9,326	-
Total Revenues	<u>101,167</u>	<u>112,130</u>	<u>112,130</u>	<u>-</u>
<u>EXPENDITURES</u>				
Current:				
Expenditures in Kind	9,326	9,326	9,326	-
Salaries and Wages	104,817	92,277	85,238	7,039
Fringe	24,980	20,394	18,054	2,340
Travel	6,560	3,271	3,217	54
Operating Services	12,426	14,271	13,223	1,048
Operating Supplies	1,255	1,103	993	110
Other	1,800	1,221	657	564
Meals	-	-	-	-
Total Expenditures	<u>161,164</u>	<u>141,863</u>	<u>130,708</u>	<u>11,155</u>
Excess of Revenues over (under) Expenditures	(59,997)	(29,733)	(18,578)	11,155
<u>OTHER FINANCING SOURCES</u>				
<u>USES</u>				
Operating transfers in	59,997	29,733	18,578	(11,155)
Operating transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
SPECIAL REVENUE FUND - USDA CASH**

**EAST BATON ROUGE COUNCIL ON AGING, INC.
BATON ROUGE, LOUISIANA
FOR THE YEAR ENDED JUNE 30, 2004**

<u>REVENUES</u>	<u>BUDGETS</u>		<u>ACTUAL</u>	<u>FAVORABLE (UNFAVORABLE) VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
Intergovernmental:				
Office of Elderly Affairs	\$ 110,431	\$ 101,346	\$ 100,744	\$ (602)
Restricted Public Support	-	-	-	-
Other:				
Miscellaneous	-	-	-	-
Participant Contributions	-	-	-	-
Contributions in Kind	-	-	-	-
<u>Total Revenues</u>	<u>110,431</u>	<u>101,346</u>	<u>100,744</u>	<u>(602)</u>
<u>EXPENDITURES</u>				
Current:				
Expenditures in Kind	-	-	-	-
Salaries and Wages	-	-	-	-
Fringe	-	-	-	-
Travel	-	-	-	-
Operating Services	-	-	-	-
Operating Supplies	-	-	-	-
Other	-	-	-	-
Meals	-	-	-	-
<u>Total Expenditures</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	110,431	101,346	100,744	(602)
<u>OTHER FINANCING SOURCES</u>				
<u>USES</u>				
Operating transfers in	-	-	-	-
Operating transfers out	(110,431)	(101,346)	(100,744)	602
Excess (deficiency) of revenues and other sources over expenditures and other uses	\$ -	\$ -	\$ -	\$ -

**SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
SPECIAL REVENUE FUND - SENIOR CENTER**

**EAST BATON ROUGE COUNCIL ON AGING, INC.
BATON ROUGE, LOUISIANA
FOR THE YEAR ENDED JUNE 30, 2004**

<u>REVENUES</u>	<u>BUDGETS</u>		<u>ACTUAL</u>	<u>FAVORABLE (UNFAVORABLE) VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
Intergovernmental:				
Office of Elderly Affairs	\$ 173,238	\$ 190,474	\$ 190,474	\$ -
Restricted Public Support	-	-	-	-
Other:				
Miscellaneous	-	-	-	-
Participant Contributions	-	-	-	-
Contributions in Kind	50,000	50,000	50,000	-
Total Revenues	<u>223,238</u>	<u>240,474</u>	<u>240,474</u>	<u>-</u>
<u>EXPENDITURES</u>				
Current:				
Expenditures in Kind	50,000	50,000	50,000	-
Salaries and Wages	157,741	77,640	82,333	(4,693)
Fringe	31,794	12,816	14,220	(1,404)
Travel	-	300	260	40
Operating Services	250	-	-	-
Operating Supplies	-	-	-	-
Other	-	-	-	-
Meals	-	-	-	-
Total Expenditures	<u>239,785</u>	<u>140,756</u>	<u>146,813</u>	<u>(6,057)</u>
Excess of Revenues over (under) Expenditures	(16,547)	99,718	93,661	(6,057)
<u>OTHER FINANCING SOURCES</u>				
<u>USES</u>				
Operating transfers in	16,547	-	-	-
Operating transfers out	<u>-</u>	<u>(99,718)</u>	<u>(93,661)</u>	<u>6,057</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SUPPLEMENTARY FINANCIAL INFORMATION

Required by: Governor's Office of Elderly Affairs

EAST BATON ROUGE COUNCIL ON AGING, INC.
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUND - NON MAJOR FUNDS
For Year Ended June 30, 2004

Revenue	Audit	Sup Senior Center	RSVP	RAPP	Utility Assistance	Total Non Major Funds
Intergovernmental:						
City of Baton Rouge	\$ 8,937	102,000	13,729	-	-	-
Office of Elderly Affairs						124,666
Corporation for National and Community Service			69,704			69,704
Unrestricted Public Support						-
Restricted Public Support					1,663	1,663
Miscellaneous:						
General Public via Entergy					49,900	49,900
In-Kind Contributions					51,563	51,563
	<u>8,937</u>	<u>102,000</u>	<u>83,433</u>	<u>-</u>	<u>103,463</u>	<u>245,933</u>
Expenditures						
Current:						
Salaries and Wages			55,229		13,358	68,587
Fringe			12,098		1,481	13,579
Travel			1,002		43	1,045
Operating Services			10,053		2,072	12,125
Operating Supplies			2,005		156	2,161
Other Costs	12,900		19,299	(17)	103	32,285
Utility Assistance					149,697	149,697
Sub Grantee		70,000				70,000
In-Kind Services and Facilities						-
	<u>12,900</u>	<u>70,000</u>	<u>99,686</u>	<u>(17)</u>	<u>166,910</u>	<u>349,479</u>
Excess (deficiency) of Revenue over Expenditures	(3,963)	32,000	(16,253)	17	(115,347)	(103,546)
Other Financing Sources (Uses)						
Operating Transfers In	3,963		16,253		15,550	35,766
Operating Transfers Out		(32,000)				(32,000)
	<u>3,963</u>	<u>(32,000)</u>	<u>16,253</u>		<u>15,550</u>	<u>3,766</u>
Excess (deficiency) of Revenues and Other Sources Over Expenditures and Other Uses				17	(99,797)	(99,780)
Fund Balances						
Beginning of Year				8,807	106,845	115,652
End of Year	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ 8,824</u>	<u>\$ 7,048</u>	<u>\$ 15,872</u>

EAST BATON ROUGE COUNCIL ON AGING, INC.
 STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
 GENERAL FUNDS
 For the Year Ended June 30, 2004

	Local	PCOA	Health Screening	Fan and Blanket Fund	Senior Activities	Paid Meals Program	Public Relations	Senior Net	Total
Revenue									
Intergovernmental:									
City of Baton Rouge	\$ 661,050	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 661,050
Office of Elderly Affairs	-	65,747	-	-	-	-	-	-	65,747
Office of Rural Development	15,016	-	-	-	-	-	-	-	15,016
Interest Income	45	-	-	-	-	-	-	-	45
Unrestricted Public Support	4,078	-	-	-	-	-	-	-	4,078
Restricted Public Support	-	-	-	490	-	-	-	-	490
Program Service Fees:									
Participant Contributions	-	-	-	-	-	-	7,475	-	7,475
Program Income	-	-	-	-	3,822	34,621	660	3,833	42,936
Crafts	-	-	-	-	1,019	-	-	-	1,019
Senior Olympics Entry Fee	-	-	-	-	13,618	-	-	-	13,618
Miscellaneous:									
Platinum Record Ad Sales	-	-	-	-	-	-	50,572	-	50,572
Senior Olympics Sponsorship	-	-	-	-	11,376	-	-	-	11,376
Other	2,446	-	-	-	-	-	12,542	-	14,988
In-Kind Contributions	5,215	-	10,777	-	2,086	2,781	12,168	1,739	34,766
	<u>687,850</u>	<u>65,747</u>	<u>10,777</u>	<u>490</u>	<u>31,921</u>	<u>37,402</u>	<u>83,417</u>	<u>5,572</u>	<u>923,176</u>
Expenditures									
Current:									
Salaries and Wages	-	-	76,560	-	25,285	17,753	92,317	13,148	225,063
Fringe	-	-	10,214	-	3,623	2,753	16,290	1,513	34,393
Travel	-	-	2,951	-	1,186	1,964	2,386	42	8,529
Operating Services	3,061	-	13,041	-	6,081	3,376	43,721	3,417	72,697
Operating Supplies	540	-	2,275	-	14,534	612	1,933	205	20,099
Other Costs	75,571	-	625	-	10,382	137	13,009	345	100,068
Meals	-	-	-	-	-	8,688	-	-	8,688
Capital Outlay	30,118	-	-	-	-	-	-	-	30,118
Debt Service:									
Principle Retirement	12,390	-	-	-	-	-	-	-	12,390
Interest	13,354	-	-	-	-	-	-	-	13,354
Sponsorship Expense	1,211	-	-	-	-	-	-	-	1,211
In-Kind Services and Facilities	5,215	-	10,777	-	2,086	2,781	12,168	1,739	34,766
	<u>141,460</u>	<u>-</u>	<u>116,443</u>	<u>-</u>	<u>63,177</u>	<u>38,064</u>	<u>181,824</u>	<u>20,409</u>	<u>561,377</u>
Excess (deficiency) of Revenue over Expenditures	546,390	65,747	(105,666)	490	(31,256)	(662)	(98,407)	(14,837)	361,799
Other Financing Sources (Uses)									
Operating Transfers In	-	-	105,666	-	31,256	662	98,407	14,837	250,828
Operating Transfers Out	(524,633)	(65,747)	-	-	-	-	-	-	(590,380)
Prior Period Adjustment-GOEA	(5,257)	-	-	-	-	-	-	-	(5,257)
Proceeds from Capital Leases	12,642	-	-	-	-	-	-	-	12,642
	<u>(517,248)</u>	<u>(65,747)</u>	<u>105,666</u>	<u>-</u>	<u>31,256</u>	<u>662</u>	<u>98,407</u>	<u>14,837</u>	<u>(332,167)</u>
Excess (deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	29,142	-	-	490	-	-	-	-	29,632
Fund Balances									
Beginning of Year	(188,447)	-	-	187	-	-	-	-	(188,260)
End of Year	<u>\$ (159,305)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 677</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (158,628)</u>

EAST BATON ROUGE COUNCIL ON AGING, INC.
COMPARATIVE SCHEDULE OF GENERAL
FIXED ASSETS AND CHANGES IN GENERAL FIXED ASSETS
For the Year Ended June 30, 2004

	Balance June 30, <u>2003</u>	Reclass- ifications	<u>Additions</u>	Deletions	Balance June 30, <u>2004</u>
GENERAL FIXED ASSETS					
Vehicles	\$ 73,128	\$ -	\$ 15,016	\$ -	\$88,144
Office furniture and equipment	89,451	-	2,460	-	91,911
Computer software	38,239	-	-	-	38,239
Nutrition equipment	62,045	-	-	-	62,045
Leasehold improvements	90,105	-	-	-	90,105
Capital lease equipment	<u>49,722</u>	<u>-</u>	<u>12,642</u>	<u>-</u>	<u>62,364</u>
TOTAL GENERAL FIXED ASSETS	<u>\$402,690</u>	<u>\$ -</u>	<u>\$ 30,118</u>	<u>\$ -</u>	<u>\$432,808</u>
INVESTMENT IN GENERAL FIXED ASSETS					
Property acquired with funds from:					
General fund	\$397,132	\$ -	\$ 30,118	\$ -	\$427,250
Title III B Supportive Services	-	-	-	-	-
RSVP	-	-	-	-	-
Disaster Assistance	-	-	-	-	-
PCOA	3,558	-	-	-	3,558
Title III C-1	-	-	-	-	-
Title III C-2	-	-	-	-	-
Title III F	-	-	-	-	-
Donations from the general public	<u>2,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,000</u>
TOTAL INVESTMENT IN GENERAL FIXED ASSETS	<u>\$402,690</u>	<u>\$ -</u>	<u>\$ 30,118</u>	<u>\$ -</u>	<u>\$432,808</u>

EAST BATON ROUGE COUNCIL ON AGING, INC.
SCHEDULE OF RSVP ACTIVITY
For the Grant Year Ended December 31, 2003

	<u>Actual</u>	<u>Actual %</u>	<u>Budget</u>	<u>Budget %</u>
Volunteer support	\$ 63,187	75 %	\$60,622	75 %
Volunteer expense	<u>20,892</u>	25 %	<u>20,207</u>	25 %
Total costs incurred	84,079		\$ <u>80,829</u>	
 Cost paid with local match	 <u>(11,507)</u>			
 Costs remaining to be paid with The Corporation for National and Community Service and GOEA funds	 <u>\$ 72,572</u>			
 Costs paid for with GOEA (State) funds received	 \$ 13,729			
 Costs paid with funds from The Corporation for National and Community Service	 <u>58,843</u>			
 Total	 <u>\$ 72,572</u>			

EAST BATON ROUGE COUNCIL ON AGING, INC.
SCHEDULE OF PRIORITY SERVICES
TITLE III-B – GRANT FOR SUPPORTIVE SERVICES
For the Year Ended June 30, 2004

	<u>Amount</u>	<u>Total</u>	<u>% of GOEA Grant</u>
Access (30%):	Assisted transportation	\$ -	
	Case management	43,894	
	Transportation	-	
	Information & assistance	103,379	
	Nutrition education	-	
	Outreach	<u>164,346</u>	
	Total access expenses	\$311,619	157.86%
In-Home (15%):	Homemaker	127,088	
	Chore	-	
	Telephoning	-	
	Visiting	-	
	Adult daycare/health	-	
	Personal care	<u>15,003</u>	
	Total in-home expenses	142,091	<u>71.98%</u>
Legal (5%):	Legal assistance	14,645	<u>7.42%</u>
Non-priority services		-	
Total III-B – supportive services expenditures		468,355	
Less: Participant contributions		(108)	
Other public support		-	
Transfers In		<u>(175,486)</u>	
Title III-B – supportive services grant		292,761	
Less: Transfers of contract allotments		-	
State homemaker		(95,362)	
State transportation		<u>-</u>	
Original grant award net of additional state homemaker and transportation funds and transfers of contract allotments		<u>\$197,399</u>	

SUPPLEMENTARY FINANCIAL INFORMATION

REQUIRED BY: OMB CIRCULAR A-133

EAST BATON ROUGE COUNCIL ON AGING, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2004

Federal Grantor/Pass Through Grantors/Program Title	Federal CFDA Number	Grant Year End	Program or Award Amount	Revenue Recognized	Total Federal Expenditures
U.S. Department of Health and Human Services – Administration on Aging					
Passed Through the Louisiana Governor's Office of Elderly Affairs: Special Programs for the Aging:					
Title III, Part B Supportive Services	93.044	06/30/04	\$197,399	\$ 197,399	\$ 197,399
Title III, Part C – Area Agency Administration	93.045	06/30/04	64,913	64,913	64,913
Title III, Part C-1 Nutritional Services					
Congregate Meals	93.045	06/30/04	178,420	178,420	178,420
Title III, Part C-2 Nutritional Services					
Home Delivered Meals	93.045	06/30/04	<u>125,901</u>	<u>125,901</u>	<u>125,901</u>
Total Title III, Part C		06/30/04	<u>566,633</u>	<u>566,633</u>	<u>566,633</u>
Title III, Part D Disease Prevention and Health Promotion Services	93.043	06/30/04	14,146	14,146	14,146
Title III, Part E Family Caregiver Program	93.052	06/30/04	<u>79,844</u>	<u>79,844</u>	<u>79,844</u>
Total for U.S. Department Of Health and Human Services			<u>660,623</u>	<u>660,623</u>	<u>660,623</u>
U.S. Department of Agriculture					
Passed Through the Louisiana Governor's Office of Elderly Affairs: U.S.D.A – Cash-in-lieu of commodities					
	10.570	06/30/04	<u>100,744</u>	<u>100,744</u>	<u>100,744</u>
The Corporation for National and Community Service					
Direct Programs:					
Retired Senior Volunteer Program (RSVP)	94.002	12/31/03	58,080	34,282	34,282
Retired Senior Volunteer Program (RSVP)	94.002	12/31/04	<u>58,080</u>	<u>35,422</u>	<u>35,422</u>
			<u>116,160</u>	<u>69,704</u>	<u>69,704</u>
			<u>\$877,527</u>	<u>\$831,071</u>	<u>\$ 831,071</u>

Note: This schedule is prepared using modified accrual basis of accounting as contemplated under accounting principles generally accepted in the United States of America and which is the same basis of accounting applied on the general purpose financial statement.



2915 S. Sherwood Forest Blvd., Suite B
Baton Rouge, LA 70816 (225) 292-7434
Fax (225) 293-3651

West Causeway Executive Center
1305 West Causeway Approach, Suite 201
Mandeville, LA 70471
(985) 674-9092 Fax (985) 626-9227

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

East Baton Rouge Council on Aging, Inc.
Baton Rouge, Louisiana, USA

We have audited the financial statements of the East Baton Rouge Council on Aging, Inc., as of and for the year ended June 30, 2004, and have issued our report thereon, dated November 3, 2004. We conducted our audit in accordance with generally accepted auditing standards, and **Government Auditing Standards**, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the financial statements of the East Baton Rouge Council on Aging, Inc. are free of material misstatement, we performed tests of the Council's compliance with certain provisions of laws, regulations and contracts, 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 Governmental Auditing Standards.*

Internal Control Over Financial Reporting

In planning and performing our audit, we considered East Baton Rouge Council on Aging, Inc.'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 audit committee, management and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Michael R. Chooch & Co
CERTIFIED PUBLIC ACCOUNTANTS

November 3, 2004



2915 S. Sherwood Forest Blvd., Suite B
Baton Rouge, LA 70816 (225) 292-7434
Fax (225) 293-3651

West Causeway Executive Center
1305 West Causeway Approach, Suite 201
Mandeville, LA 70471
(985) 674-9092 Fax (985) 626-9227

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL
OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

The Board of Directors
East Baton Rouge Council on Aging, Inc.

Compliance

We have audited the compliance of East Baton Rouge Council on Aging, Inc. with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2004. East Baton Rouge Council on Aging, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the management of East Baton Rouge Council on Aging, Inc. Our responsibility is to express an opinion on East Baton Rouge Council on Aging, Inc.'s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organization*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about East Baton Rouge Council on Aging, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on East Baton Rouge Council on Aging, Inc.'s compliance with those requirements.

In our opinion, East Baton Rouge Council on Aging, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2004.

Internal Control Over Compliance

The management of East Baton Rouge Council on Aging, Inc. is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered East Baton Rouge Council on Aging, Inc.'s internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, would adversely affect East Baton Rouge Council on Aging, Inc.'s ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in Section C of the accompanying schedule of findings and questioned costs as items 04-01.

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 that risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions 04-01, described in the accompanying schedule of findings and questioned costs to be material weaknesses.

This report is intended for the information and use of the management and governing body of East Baton Rouge Council on Aging, Inc., the Legislative Auditor, the Governor's Office of Elderly Affairs, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.


CERTIFIED PUBLIC ACCOUNTANTS

December 10, 2004

EAST BATON ROUGE COUNCIL ON AGING, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2004

A: SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the general purpose financial statements of East Baton Rouge Council on Aging, Inc. (see Going Concern Uncertainty Footnote S)
2. There were no reportable conditions relating to the audit of the general purpose financial statements in the "Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*."
3. No instances of noncompliance material to the general purpose financial statements of East Baton Rouge Council on Aging, Inc. were disclosed during the audit, and are referred in the "Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*."
4. Reportable conditions relating to the audit of the major federal award programs are referenced 04-1, in the "Report on Compliance with Requirements Applicable to Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133." These conditions are not reported as material weaknesses.
5. The auditor's report on compliance for the major federal award programs for East Baton Rouge Council on Aging, Inc. expresses an unqualified opinion.
6. Audit findings relative to the major federal award programs for East Baton Rouge Council on Aging, Inc. are reported in Part C of this Schedule.
7. No management letter was issued in connection with this engagement.
8. The program tested as a major program are as follows:
 - U.S. Department of Health and Human Services
 - Special Programs for the Aging:
 - Title III-B – Supportive Services; CFDA #93.044
 - Title III-C – Nutritional Services; CFDA # 93.045
 - Title III-D – Disease Prevention and Health Promotion Services; CFDA #93.043
 - Title III-E – Caregiver Support CFDA #93.052
9. The threshold for distinguishing Types A and B programs was \$300,000.
10. East Baton Rouge Council on Aging, Inc. was determined not to be a low-risk auditee.

B: FINDING – FINANCIAL STATEMENT AUDIT

No reportable conditions or material weaknesses noted.

C: FINDINGS AND QUESTIONED COSTS- MAJOR FEDERAL AWARD PROGRAM AUDIT

U.S. Department of Health and Human Services

Special Programs for the Aging:

Title III-B – Supportive Services; CFDA #93.044

Title III-C – Nutritional Services; CFDA # 93.045

Title III-D – Disease Prevention and Health Promotion Services; CFDA #93.043

Title III-E – Caregiver Support; CFDA #93.052

Reportable Conditions

04-01 Title III C-1 congregate meal site managers

A repeat of finding 03-01.

Criteria- Managers at congregate meal sites should document their approval of the daily meal attendance forms by signing or initialing the participants "sign in" roster.

Condition- The council requires all congregate meal site participants to sign a roster indicating their daily attendance. The Site manager should total the sheet and sign approval before submitting the roster to the main office for processing.

Effect- If errors occur in the meal count or participation eligibility, unit cost and funding could be impacted.

Cause- Site managers use a preprinted form and have not been documenting their approval by relying on the main office.

Recommendation- Site managers should total the participant roster each day and sign or initial the form indicating their approval.

EAST BATON ROUGE COUNCIL ON AGING, INC.
SCHEDULE OF CORRECTIVE ACTION TAKEN
ON PRIOR YEAR FINDINGS
Year Ended June 30, 2004

**SECTION 1: INTERNAL CONTROL AND COMPLIANCE MATERIAL TO
THE FINANCIAL STATEMENTS**

Reportable Condition and Compliance Matter

03-1 Financial Oversight

A repeat of finding 02-3 reported in the audit for the fiscal year ended June 30, 2003.

Condition- The Council board had charged the treasurer and the finance committee with the primary responsibility for budgetary and general financial oversight. It was noted during the 2003 audit the Council's financial committee did not meet for three of the last six months of the year ended June 30, 2003.

Action Taken- The finance committee was reconstituted and promptly began meeting on a regular basis and was charged with the duty to oversee the finances of the Council. The finance committee reports on their observations to the full board at its regular meetings.

03-2 Budgets

Condition- The budget for the year ended June 30, 2003 included revenue projections based primarily on expectations and not prior year results. The only budget amendment for the year June 30, 2003 was completed on June 2, 2003 leaving insufficient time for management to resolve a \$287,000 budget deficit.

Action Taken- Management continues to monitor progress toward budgeted revenue targets and amend budgets in a timely manner to mitigate any potential deficits.

**C. FINDINGS AND QUESTIONED COSTS- MAJOR FEDERAL AWARD
PROGRAM AUDIT**

U.S. Department of Health and Human Services
Special Programs for the Aging:
Title III- B – Supportive Services; CFDA #93.044
Title III-C – Nutritional Services; CFDA #93.045
Title III-D – Disease Prevention and Health Promotion Services; CFDA #93.043
Title III – E – Caregiver Support; CFDA #93.052

Reportable Conditions

03-3 Title III C- congregate meals site managers

Condition- The council requires all congregate meal site participants to sign a roster indicating their daily attendance. The site manager should total the sheet and sign approval before submitting the roster to the main office for processing.

Action Taken- Site managers received additional reminders from main office and Executive Director regarding this issue.

03-4 Financial Oversight

A repeat of finding 02-3 & 03-1.

Condition- The Council board had charged the treasurer and the finance committee with the primary responsibility for budgetary and general financial oversight. It was noted during the 2003 audit that the Council's finance committee did not meet for three of the last six months of the year ended June 30, 2003.

Action Taken- The finance committee was reconstituted and promptly began meeting on a regular basis and will be charged with the duty to oversee the finances of the Council. The finance committee reports on their observations to the full board at its regular meetings.

03-2 Budgets

Condition- The budget for the year ended June 30, 2003 included revenue projections bases solely on expectations and not prior year results. The only budget amendments for the year June 30, 2003 was completed on June 2, 2003 leaving insufficient time for management to resolve a \$287,000 budget deficit.

Action Taken- Management continues to monitor progress toward budgeted revenue targets and amends budgets in a timely manner to mitigate any potential deficits.

EXIT CONFERENCE

East Baton Rouge Council on Aging, Inc.
Baton Rouge, Louisiana

June 30, 2004

The exit conference was held on December 8, 2004, the last day of field work of the audit. Those in attendance were Michael R. Choate, Certified Public Accountant; and Johnny Dykes, Executive Director of the Council and Patricia Taylor. The observations and findings of the audit were discussed.

CORRECTIVE ACTION PLAN

The East Baton Rouge Council on Aging, Inc. respectfully submits the following corrective action plan for the year ended June 30, 2004.

Name and address of independent public accounting firm:

Michael R. Choate and Company CPAs
2915 S. Sherwood Forest Boulevard
Suite B
Baton Rouge, Louisiana 70816

Audit period: Year ended June 30, 2004

The findings from the 2004 schedule of findings are discussed below. The findings are numbered consistently with the numbers assigned to the schedule.

04-01 Congregate Meal Site Managers

Condition – The Council requires all congregate meal site participants to sign a roster indicating their daily attendance. The site manager should total the sheet and sign approval before submitting the roster to the main office for processing.

Action Taken- Site managers will receive additional reminders from main office and Executive Director regarding this issue. Changes in personnel responsibilities will be implemented as needed.

If there are any other questions regarding this plan, please call me at 225- 923-8000 ext. 222.

Sincerely yours,

Johnny Dykes, Executive Director