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**ST. MARY COMMUNITY ACTION COMMITTEE ASSOCIATION, INC.**

**FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION WITH  
INDEPENDENT AUDITORS' REPORT**

and

**INDEPENDENT AUDITORS' REPORTS ON INTERNAL ACCOUNTING CONTROL  
AND COMPLIANCE**

**For the Year Ended March 31, 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 10-27-04

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**INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
St. Mary Community Action Committee  
Association, Inc.  
Franklin, Louisiana

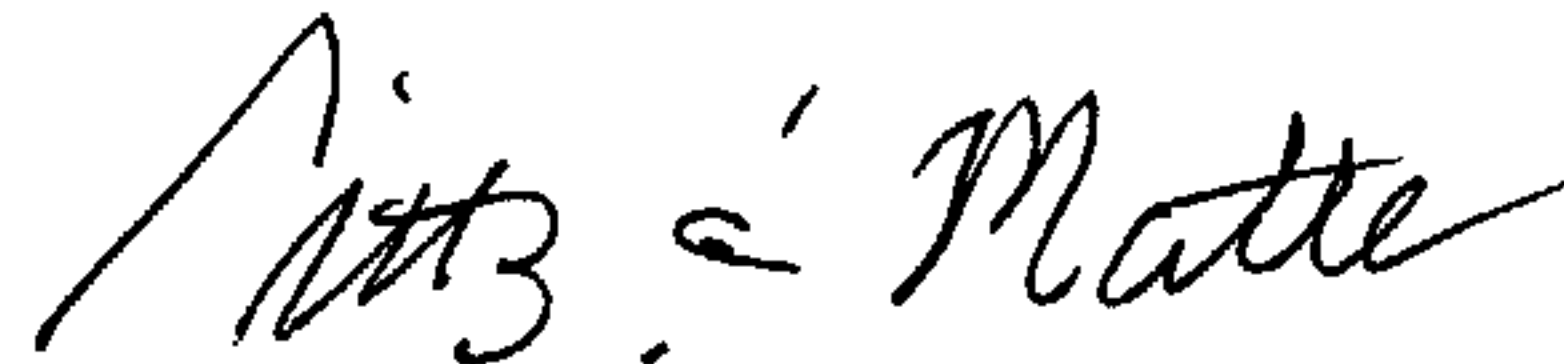
We have audited the accompanying statement of financial position of St. Mary Community Action Committee Association, Inc. (a nonprofit organization) as of March 31, 2004, and the related statements of activity and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of St. Mary Community Action Committee Association, Inc. as of March 31, 2004, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated September 9, 2003, on our consideration of St. Mary Community Action Committee Association, 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 performed for the purpose of forming an opinion on the basic financial statements of St. Mary Community Action Committee Association, Inc. taken as a whole. The statements of activity by program are presented for additional analysis and are not a required part of the basic financial statements of the St. Mary Community Action Committee Association, Inc. The accompanying schedule of expenditures of federal awards and related notes are presented for purposes 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 are also not a required part of the basic financial statements of St. Mary Community Action Committee Association, Inc. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink, appearing to read "Nitz & Matte". The signature is written in a cursive, flowing style.

CERTIFIED PUBLIC ACCOUNTANTS

September 24, 2004

**ST. MARY COMMUNITY ACTION COMMITTEE ASSOCIATION, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**MARCH 31, 2004**

**ASSETS**

Current assets	
Cash	\$57,468
Grants receivable	240,700
Inventory	56,000
Notes receivable - current portion (less allowance for uncollectibles of \$22,000)	6,000
 Total current assets	 360,168
 Notes receivable - less current portion	 9,435
Inventory - Subdivision development	188,427
Fixed assets - less accumulated depreciation	1,676,053
 Total assets	 \$2,234,083

**LIABILITIES AND NET ASSETS**

Current liabilities	
Checks issued in excess of bank balances	\$106,368
Accounts payable and accrued expenses	452,756
Notes payable - current portion	312,638
 Total current liabilities	 871,762
 Long term liabilities	
Notes payable - less current portion	39,120
 Total liabilities	 910,882
 Net assets (deficit)	
Unrestricted	(1,410)
Temporarily restricted for:	
Fixed assets with explicit restrictions on use	\$1,375,964
Housing programs	(134,830)
Emergency assistance programs	2,475
Youth programs	5,314
Substance abuse program	9,055
Job assistance programs	65,836
Administration	797
	1,324,611
 Total net assets	 1,323,201
 Total liabilities and net assets	 \$2,234,083

The accompanying notes are an integral part of these financial statements.

**ST. MARY COMMUNITY ACTION COMMITTEE ASSOCIATION, INC.  
STATEMENT OF ACTIVITY AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED MARCH 31, 2004**

Changes in unrestricted net assets:	
Revenues	
Sales proceeds	\$139,500
Cost of revenues	(152,452)
	<hr/>
Net loss on sale of homes	(12,952)
Increase in value of homes	31,000
	<hr/>
Net loss on sale of homes and increase in value of homes	18,048
Support	
Grants	
Federal	1,151,875
State	80,775
Local	128,314
Foundation	111,000
Contributions	337,863
Other	1,023
Net assets released from restrictions:	
Satisfaction of program restrictions	4,772,134
	<hr/>
Total unrestricted support	6,582,984
	<hr/>
Total revenue and unrestricted support	6,601,032
Expenses	
Head Start programs	5,043,970
Welfare to Work program	67,986
Housing assistance programs	237,713
Transportation programs	405,741
Childcare programs	60,123
Emergency assistance programs	24,712
Other general assistance	697,830
Management and general	367,837
	<hr/>
Total unrestricted expenses	6,905,912
	<hr/>
Changes in unrestricted net assets	(304,880)
Changes in temporarily restricted net assets:	
Support	
Grants	
Federal	4,700,309
State	6,535
Net assets released from restrictions:	
Satisfaction of program restrictions	(4,772,134)
	<hr/>
Increase (decrease) in temporarily restricted net assets	(65,290)
	<hr/>
Increase (decrease) in net assets	(370,170)
Net assets at March 31, 2003	1,693,371
	<hr/>
Net assets at March 31, 2004	\$1,323,201
	<hr/> <hr/>

The accompanying notes are an integral part of these financial statements.

ST. MARY COMMUNITY ACTION COMMITTEE ASSOCIATION, INC.

STATEMENT OF CASH FLOWS  
For the Year Ended March 31, 2004

Cash flows from operating activities:	
Cash received from Federal grantors	\$5,737,530
Cash received from state grants	87,310
Cash received from local grants	128,314
Cash received from foundations	112,023
Cash paid to employees	(4,816,448)
Cash paid to vendors	(1,367,010)
Proceeds from sale of houses	139,500
Cash paid for Faith Place construction	(20,235)
	<hr/>
Net cash provided by operating activities	984
	<hr/>
Cash flows from investing activities:	
Purchase of fixed assets	(124,993)
Loans made	(11,000)
Payments received on loans	9,602
	<hr/>
Net cash used in investing activities	(126,391)
	<hr/>
Cash flows from financing activities	
Repayments on long-term debt	(106,926)
	<hr/>
	(106,926)
	<hr/>
Net increase in cash and cash equivalents	(232,333)
	<hr/>
Cash and cash equivalents at beginning of year	183,433
	<hr/>
Cash and cash equivalents at end of year	(\$48,900)
	<hr/> <hr/>
Cash and cash equivalents at end of year consists of the following:	
Cash	\$57,468
Checks issued in excess of bank balances	(106,368)
	<hr/>
	(\$48,900)
	<hr/> <hr/>

Reconciliation of change in net assets to net cash  
provided by operating activities:

Change in net assets:			(\$370,170)
Adjustments to reconcile change in net assets to net cash provided by operating activities:			
Depreciation		\$234,685	
Decrease in grants receivable		115,018	
Decrease in inventory - subdivision development		20,235	
Increase in accounts payable		1,216	
		<u>371,154</u>	
Net cash provided by operating activities			<u>\$984</u>

NOTES:

The Association received noncash contributions of food commodities, building usage, and professional services totaling \$337,863 during the year.

The Association increased the carrying value of its housing inventory of house units for sale by \$31,000 during the year.



ST. MARY COMMUNITY ACTION COMMITTEE ASSOCIATION, INC.  
 NOTES TO THE FINANCIAL STATEMENTS  
 March 31, 2004

**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES**

A summary of the Association's significant accounting policies applied in the preparation of the accompanying financial statements follows:

The Association is a not-for-profit corporation designated as St. Mary Parish's official agency for the enactment and oversight of many social, education, and welfare programs for the citizens of St. Mary Parish, Louisiana; including the operation of the local Head Start program. In addition, the Association also operates the Head Start program for Vermillion Parish and certain other programs for Iberia Parish, St. Martin Parish, and Vermillion Parish. The Association receives Federal, state, and local funding to operate its various programs.

The following is a summary of the programs and their primary functions applicable to the Association during the year ended March 31, 2004:

<u>Program</u>	<u>Funding Source</u>	<u>Functions</u>
General	Various	General operations.
Head Start #22	U.S. Dept. of Health and Human Services	To provide comprehensive health, educational, nutritional, social, and other services to economically disadvantaged preschool children and to provide parents with training and education to foster their understanding of and involvement in the development of their children.
Child and Adult Care Food Program	U.S. Dept. of Agriculture	To supply supplemental nutritious foods and nutrition education to low-income families.
Community Services Block Grant	U.S. Dept. of Health and Human Services	To provide administrative assistance to non-profit community service organizations.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (continued)

<u>Program</u>	<u>Funding Source</u>	<u>Functions</u>
Welfare to Work	U.S. Dept. of Labor	To provide case management-based, transitional program which emphasizes the Welfare to Work themes of work first, job readiness, support and retention.
Revolving Loan Program	U.S. Dept. Of Agriculture	To provide loans to small businesses located in rural areas.
Parish Council	St. Mary Parish Council and U.S. Dept. of Health and Human Services	To supplement transportation services.
LIHEAP Utility Payments	U.S. Dept. of Health and Human Services	To assist eligible households to meet home energy costs.
Medicaid	U.S. Dept. of Health And Human Services	To provide assistance to eligible individuals to qualify them to receive Medicaid benefits.
Weatherization	U.S. Dept. of Energy	To weatherize dwellings of low-income individuals.
Housing Counseling	U.S. Dept. Of Housing And Urban Development	To provide a full range of services, advice, and assistance to housing consumers in improving their housing conditions and meeting the responsibilities of homeownership and tenancy.

**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (continued)**

<u>Program</u>	<u>Funding Source</u>	<u>Functions</u>
FEMA Emergency Assistance	Federal Emergency Management Agency	To assist eligible clients with utility, rent, emergency shelter, and food assistance.
Summer Feeding	U.S. Dept. of Agriculture	To supply nutritious foods to children during summer months.
Emergency Shelter	U.S. Dept. of Health and Human Services	To provide emergency housing for victims of fire, floods, storms and other natural disasters.
Housing Department	Earned fees and other	To provide housing assistance, counseling, etc. regarding home ownership
Mid South Grant	Foundation for the Mid South	To provide comprehensive youth development services to the youth of St. Mary Parish.
Affordable Housing (Faith Place)	Federal Home Loan Bank of Dallas and Louisiana Housing Finance Agency	To provide affordable housing through development and construction.
Jobs for American Graduates (JAG)	U.S. Dept. Of Labor	To provide a comprehensive out-of-school program that targets young people who have left the education system. Goals of the program include: attaining a GED, a marketable skill and a quality job with good career potential.
OCS Wrap Around	U.S. Dept. Of Health and Human Services	To provide a full-day, full-year program for children to receive a quality education and early childhood development.

**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (continued)**

<u>Program</u>	<u>Funding Source</u>	<u>Functions</u>
Free to Grow	The Robert Wood Johnson Foundation Doris Duke Foundation 16th Judicial District, District Attorney	To implement a substance abuse prevention program in two isolated communities in St. Mary Parish.
Philip Morris	Philip Morris USA	To provide financial support for activities as part of Philip Morris USA's efforts to reduce youth smoking.
LaPIP Prevention Services	U.S. Dept. of Health and Human Services	To work with youth and their families towards the prevention of addictive disorders and other risky behaviors.
Transitional Housing	U.S. Dept. of Housing and Urban Development	To help eligible clients obtain and remain in permanent housing and increase their skills and/or income.
Cars for a Cause	U.S. Dept. of Health and Human Services	To address the transportation barriers that prevent citizens of St. Mary, St. Martin, Iberia, and Vermillion Parishes from accessing needed services.
Credit Repair and Recovery	U.S. Dept. of Health and Human Services	To assist families in identifying self-specific barriers such as poor credit or repayment history, excessive debts and financial illiteracy.

## NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (continued)

### Basis of Accounting

The accrual basis of accounting is generally used by the Association.

### Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The value of inventory of homes in the Affordable Housing (Faith Place) program is valued at the lower of costs incurred or estimated fair value. Estimated fair value is determined by subtracting projected costs to complete construction and selling costs from the estimated market value of the dwellings.

The ultimate costs to complete the unfinished units could be different from the estimated costs to complete depending upon availability of materials and labor and weather conditions.

In addition, the ultimate selling price might vary from the estimated fair value at year end due to changes in the local economy, interest rate changes, and the availability of qualified buyers.

### Inventory

Inventory consist of cars purchased in the Cars for a Cause Program. The cars are valued at cost and were distributed to participants shortly after year end.

### Support and Revenues

A significant portion of the Association's support and revenue is in the form of grants from governmental agencies. These grants are generally recognized as revenue to the extent that expenses have been incurred for purposes specified by the grantor.

The Association also receives revenue from home building activities. Revenues from these activities are recognized at the closing of the sale using the deposit method. During construction, all direct material and labor costs are capitalized. Capitalized costs are charged to earnings upon closing. At every stage of the contract, an architect inspects the construction and assists management in estimating the percentage complete.

### Expenses

Assets or expenses and their related liabilities are recorded when the related goods or services are received by the Association. Costs incurred in connection with completed homes and selling, general, and administrative costs are charged to expenses as incurred.

## NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (continued)

### Utilization of Contributed Goods, Services or Facilities

In general contributed goods and facilities that meet the proper criteria are recorded as items of support or revenue with a like amount recorded as expense upon receipt at fair market value.

In accordance with Financial Accounting Standards No. 116, contributions of services shall be recognized only if the services received a) create or enhance nonfinancial assets or b) require specialized skills and the person providing the service possesses the specialized skill.

### Fixed Assets

Purchased furniture, fixtures, and other equipment are valued at their actual cost or estimated cost. Contributed items are valued at their estimated fair market value at the date of the contribution. Fixed assets are depreciated over their estimated useful lives on the straight-line basis. Fixed assets purchased with federal dollars may need to be returned to the grantor, sold or retained by the organization in accordance with the respective grant agreements upon program completion.

### Compensated Absences

Compensation is paid to employees absent from work due to illness or vacation. An accrual is made for the amount of compensation the employees will receive in the future based upon services performed through March 31, 2004. The amount accrued at March 31, 2004 is approximately \$60,000.

### Net assets

In accordance with the Statement of Financial Accounting Standards #117, the Association must report net assets in each of the following three classes:

- a. permanently restricted - net assets in this category are restricted by donor-imposed restrictions that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the organization.
- b. temporarily restricted - net assets in this category are restricted by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the organization.
- c. unrestricted - net assets in this category are not restricted by donor-imposed restrictions.

The Association has unrestricted and temporarily restricted net assets.



## NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (continued)

The temporary restrictions result from grants received with restrictions that expire when those donor-imposed stipulations have been met. Once the stipulation related to the restriction has been met these temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

### Cash and cash equivalents

For purposes of the Statement of Cash Flows, the Association considers all cash in non-interest bearing checking accounts and cash on hand to be cash and cash equivalent accounts.

### Income Tax Status

The Association operates as a not-for-profit organization. It is accorded tax exempt status under Section 501 (c) (3) of the Internal Revenue Code.

## NOTE 2 - COMMITMENTS AND CONTINGENCIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable program. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Association expects such amounts, if any, to be immaterial.

## NOTE 3 - NOTE RECEIVABLE

The Association received approval for a grant from the U.S. Department of Agriculture Rural Development Office to be used for a revolving loan program. Loans to small businesses in rural areas are made through this program. The amount of the grant for the year ended March 31, 2004, is approximately \$11,000. The Association receives funds from the grantor and recognizes revenue from the grant as loans are made to borrowers. Amounts due from the borrowers are recorded as notes receivable.

During the year, one small business loan was made totaling \$9,500 bearing interest of 5% annually. There are also six loans outstanding from prior years also bearing 5% annual interest. Total monthly payments for the seven loans total \$1,750. At March 31, 2004, the total balance due was \$37,435. All of these loans are secured by collateral. It is the policy of the Association to foreclose on the property pledged as collateral in case of nonpayment of the loan.

#### NOTE 4 - INVENTORY - SUBDIVISION DEVELOPMENT

The Association is in the process of developing Faith Place, a single family residential subdivision. The Association has acquired developed lots in a subdivision in Patterson, Louisiana and is in the process of building single family dwellings on a speculative basis. In a prior year, the Association received a grant from the Federal Home Loan Bank of Dallas. This grant was used to purchase the land for the subdivision. In a prior year, the Association entered into an agreement with the Louisiana Housing Finance Agency for a \$200,000 revolving loan for the purpose of constructing fifteen homes. The construction is scheduled to take place over a period of three phases to be completed in the year ended March 31, 2005. It is the intent of the Association that the sales price of the homes recover the costs of construction of the homes only, not the value of the originally acquired land. Construction of the first eight homes was complete as of March 31, 2000. During the year ended March 31, 2000, five of the homes were sold at a sales price of \$47,000 each. During the year ended March 31, 2001, two homes were sold at a sales price of \$47,000 and \$53,000. During the year ended March 31, 2004, two homes were sold at a sales price of \$50,000 and \$68,500. During the year ended March 31, 2004, two additional homes were sold at sales prices of \$68,000 and \$71,500. At March 31, 2004, two homes were 100% complete. (Both were sold in 2004.) The Association estimates that construction on the remaining two homes is approximately 75% complete. The estimated total cost for the development, including the cost of the land is approximately \$980,000.

It was determined that the costs incurred and estimated costs to complete and sell the remaining homes could be significantly more than the estimated fair value of the homes. Therefore, the basis of the homes is being reduced to reflect the estimated fair value at year end. Based upon recent selling prices of homes, the estimated fair value is more than was previously estimated. Accordingly, an increase in value of the homes of approximately \$31,000 is recognized in 2004. In prior years, \$115,000 of loss was recognized; therefore, the total allowance at March 31, 2004 is \$84,000.

Inventory at March 31, 2004 consists of the following:

Faith Place

Speculative Construction

Homes for which construction is complete	\$130,706
Homes for which construction is partially complete	<u>57,721</u>
	<u>\$188,427</u>



#### NOTE 5 - FIXED ASSETS

The following is a summary of fixed assets by major category with their related estimated useful lives:

<u>Category</u>	<u>Cost</u>	<u>Estimated Useful Life</u>
Buildings	\$1,369,685	35 years
Vehicles	1,017,999	3 years
Furniture and fixtures	82,349	5 years
Machinery and equipment	629,296	5 years
Leasehold improvements	<u>96,471</u>	5 years
Total	3,195,800	
Less: accumulated depreciation	<u>1,519,747</u>	
	<u>\$ 1,676,053</u>	

Depreciation for the year ended March 31, 2004 totaled approximately \$234,000.

Certain grant requirements restrict the use of certain fixed assets. Substantially all fixed assets acquired with donated funds would revert back to the grantor if those fixed assets would cease to be used in that program.

#### NOTE 6 - LONG TERM NOTES PAYABLE

Notes payable at March 31, 2004 are comprised of the following:

##### Description

\$200,000 non-interest bearing revolving loan to Louisiana Housing Finance Agency to be used for Construction of Faith Place Subdivision; Outstanding balance due December 31, 2004	\$188,000
\$43,000 promissory note payable to individuals for purchase of Isaiah's house; payable in monthly installments of \$350, with interest at a rate of 9.8%	39,500
\$4,500 note payable to Whitney National Bank for the purpose of renovating Isaiah's house, unsecured bearing interest at a rate of 5%	4,258

NOTE 6 - LONG TERM NOTES PAYABLE (continued)

\$150,000 non-interest bearing loan from the St. Mary Parish Council due on or before November, 2004	<u>\$120,000</u>
	351,758
Less current portion	<u>312,638</u>
	<u>\$ 39,120</u>

The following is a schedule of future debt requirements for debt outstanding at March 31, 2004:

<u>Year</u>	
2005	\$312,638
2006	420
2007	460
2008	510
2009	690
Thereafter	<u>37,040</u>
	<u>\$351,758</u>

NOTE 8- LEASES

At March 31, 2004, the Association had seven significant operating leases in effect. The leases cover the buildings in various locations used to serve recipients of the Association's services. Total rent expense for the year ended March 31, 2004 totaled approximately \$38,000.

The aggregate future minimum lease payments for the seven leases is approximately:

Year ended March 31, 2004	\$37,000
2005	<u>6,000</u>
Total	<u>\$43,000</u>

**NOTE 9 - UTILIZATION OF CONTRIBUTIONS**

The following contributions were received and recognized by the Association during the year ended March 31, 2004:

<u>Program</u>	<u>Contribution</u>	<u>Amount</u>
General Operations	Food Commodities	\$16,309
Head Start	Rental Space	33,000
Head Start	Professional Services	<u>288,554</u>
Total recognized contributions received		\$ <u>337,863</u>

In addition to the recognized contributions, the Association receives other donations primarily from parent volunteers in the Head Start Program. These contributed services and certain other items were not recognized because they do not meet the criteria set forth in FASB 116, however, these contributions do meet the matching requirements set forth in the Head Start grant. The sum of recognized and unrecognized "in-kind" contributions and other matching contributions for the Head Start Program total approximately \$1,228,000.

**NOTE 10 - EMPLOYEE BENEFIT PLAN**

The Association provides a 401(k) savings plan for its eligible employees. All employees with one year of service and an attained age of 20 ½ may participate. Participating employees may elect to contribute up to ten percent of their earnings. The Association may contribute an amount equal to a percent of the participants' contributions. The Association contributed approximately \$74,000 to the plan for the year ended March 31, 2004.

#### NOTE 11 - RELATED ENTITIES

The Association is a participant in a Limited Partnership as a General Partner sharing .5% in profits and losses and .5% in ownership capital. Because of the Association's small amount of ownership and because of certain provisions of the partnership agreement that restrict the Association's activities, the Association does not account for their investment in the partnership under the equity method. Rather, the Association records its share of income or loss when reported by the partnership. The partnership was formed for the purpose of constructing and maintaining a 30 unit low to moderate income townhouse community, "Sparrow Gardens Townhouses", located in Centerville, Louisiana. The total cost of the project was approximately \$1,376,000. This project was completed in January of 1996.

The Association acting in the capacity of a Community Housing Development Organization (CHDO) is the administrative manager of the complex. The accounting and financial management of the complex is handled by another partner.

In addition to its share of profits or losses, the Association receives \$15 per occupied unit per month as a management fee. Total fees for the year ended March 31, 2004, totaled approximately \$5,000 which are reported when earned.

The Partnership's year end is December 31, 2003. Total net assets of the partnership total \$31,000 at December 31, 2003. The partnership incurred a net loss of \$57,000 at December 31, 2003. The amount of this loss attributable to the Agency is \$300.

#### NOTE 12 - CONCENTRATIONS

Ninety percent of the Association's funding is obtained from federal grants. The two largest federal grants administered by the Association are the Head Start program and the Child and Adult Care Food program. Head Start and the Child and Adult Care Food funding composed seventy-two percent and six percent, respectively, of the Association's total funding for the year ended March 31, 2004.

## SUPPLEMENTARY INFORMATION

ST. MARY COMMUNITY ACTION COMMITTEE ASSOCIATION, INC.  
STATEMENT OF ACTIVITY BY PROGRAM  
FOR THE YEAR ENDED MARCH 31, 2004

	General Fund	Head Start #22	Child and Adult Care Food Program	CSBG	Revolving Loan Fund	Parish Council	OCS /Wrap Around	LIHEAP	Medicaid
Changes in unrestricted net assets:									
Revenue									
Sales proceeds									
Cost of revenues									
Net loss on sale of houses									
Increase in value of houses									
Net loss on sale of houses and increase in value of houses									
Support									
Grants									
Federal	\$ 105,715		\$ 411,613		\$ 11,000	\$ 83,540	\$ 141,862		
State						80,775			
Local	8,224					32,795			
Foundation									
Other support	16,309								
Utilization of contributed food									
Utilization of contributed professional services		\$ 288,554							
Utilization of contributed facilities		33,000							
Other					1,023				
Net assets released from restrictions:									
Satisfaction of program restrictions		4,127,396		\$ 367,837				\$ 66,692	\$ 6,535
Total unrestricted support (deficiency)	130,248	4,448,950	411,613	367,837	12,023	197,110	141,862	66,692	6,535
Expenses									
Salaries	82,488	3,293,799	275,614	274,396		222,159	126,806	30,096	10,072
Utilization of contributed food	16,309								
Utilization of contributed professional services		288,554							
Professional services	1,545	38,387	2,500						
Contractual									
Maintenance - facilities		111,148							
Rent	609	40,162		3,361		1,254			
Services		75,371	11,187						
Utilization of contributed facilities		33,000							
Supplies	1,399	91,693	6,948	8,752		1,111	4,832	3,494	
Travel and van costs	10,313	60,452	396	21,312		1,370	1,059	1,152	257
Insurance	8,045	114,934	1,500	13,902		28,600		1,900	
Services provided to community:									
Emergency assistance	10,786			4,597			1,848		
Food		43,692	208,432	2,232					
Medical		15,290							
Utility payments	158							28,463	
Other	3,501	4,068	2,957	15,590	253	3,571	1,237	1,693	171
Depreciation	935	168,241		2,060	723		580	1,312	
Utilities	7,734	155,280	365	21,635		3,485	7,829	907	
Total unrestricted expenses	143,622	4,534,071	509,899	367,837	976	261,550	144,191	69,017	10,500

Changes in unrestricted net assets	(13,574)	(85,121)	(98,286)	-	11,047	(64,440)	(2,329)	(2,325)	(3,965)
Other changes in unrestricted net assets:									
Transfer in	2,320	(9,611)	11,375		12,008	41,025			5,974
Transfer out	(500)	(9,611)	(8,490)		(24,784)	(2,060)		(8,615)	
Increase (decrease) in unrestricted net assets	(11,754)	(94,732)	(95,401)	-	(1,729)	(25,475)	(2,329)	(10,940)	2,009
Changes in temporarily restricted net assets									
Support									
Grants									
Federal		4,064,642		386,939				66,692	
State									6,535
Net assets released from restrictions:									
Satisfaction of program restrictions		(4,127,396)		(367,837)				(66,692)	(6,535)
Increase (decrease) in temporarily restricted net assets	-	(62,754)	-	19,102	-	-	-	-	-
Increase (decrease) in net assets	(11,754)	(157,486)	(95,401)	19,102	(1,729)	(25,475)	(2,329)	(10,940)	2,009
Net assets at March 31, 2003	21,959	1,501,828	50,828	(18,305)	34,687	(27,030)	3,074	4,015	(346)
Net assets at March 31, 2004	\$ 10,205	\$ 1,344,342	\$ (44,573)	\$ 797	\$ 32,958	\$ (52,505)	\$ 745	\$ (6,925)	\$ 1,663

ST. MARY COMMUNITY ACTION COMMITTEE ASSOCIATION, INC.  
STATEMENT OF ACTIVITY BY PROGRAM  
FOR THE YEAR ENDED MARCH 31, 2004

	Weatherization	Housing Counseling	FEMA Emergency Assistance	Summer Feeding Program	Emergency Shelter	Housing Department	Midsouth Foundation
Changes in unrestricted net assets:							
Revenue							
Sales proceeds							
Cost of revenues							
Net loss on sale of houses							
Increase in value of houses							
Net loss on sale of houses and increase in value of houses							
Support							
Grants							
Federal					\$ 11,647		
State							
Local						\$ 37,295	
Foundation							
Other support							
Utilization of contributed food							
Utilization of contributed professional service							
Utilization of contributed facilities							
Other							
Net assets released from restrictions:							
Satisfaction of program restrictions	\$ 63,327		\$ 12,238	\$ 60,123			
Total unrestricted support (deficiency)	63,327	-	12,238	60,123	11,647	37,295	-
Expenses							
Salaries	39,359			28,304	1,832	22,506	
Utilization of contributed food							
Utilization of contributed professional service							
Professional services							
Contractual							
Maintenance - facilities							
Rent			1,420				
Services							
Utilization of contributed facilities				800		3,024	
Supplies						8,539	
Travel and van costs	4,348				1,301	10,157	
Insurance	4,400						
Services provided to community:							
Emergency assistance	12,737		10,791	30,797	6,389		
Food							
Medical							
Utility payments	1,794		27	222	233	1,159	(1,489)
Other	324					2,400	
Depreciation	365				2,719	4,915	
Utilities							
Total unrestricted expenses	63,327	-	12,238	60,123	12,474	52,700	(1,489)



Changes in unrestricted net assets	-	-	-	(827)	(15,405)	1,489
Other changes in unrestricted net assets:						
Transfer in						
Transfer out						
Increase (decrease) in unrestricted net assets	-	-	-	(827)	(15,405)	1,489
Changes in temporarily restricted net assets						
Support						
Grants						
Federal	58,407	12,436	60,261			
State						
Net assets released from restrictions:						
Satisfaction of program restrictions	(63,327)	(12,238)	(60,123)			
Increase (decrease) in temporarily restricted net assets	(4,920)	198	138			
Increase (decrease) in net assets	(4,920)	198	138	(827)	(15,405)	1,489
Net assets at March 31, 2003	7,449	132	552	3,501	(16,901)	3,099
Net assets at March 31, 2004	\$ 2,529	\$ 132	\$ 690	\$ 2,674	\$ (32,306)	\$ 4,588

ST. MARY COMMUNITY ACTION COMMITTEE ASSOCIATION, INC.  
STATEMENT OF ACTIVITY BY PROGRAM  
FOR THE YEAR ENDED MARCH 31, 2004

	Affordable Housing (Faith Place)	Welfare to Work	JAG	Philip Morris Foundation	Free to Grow	LaPIP Prevention Services	Transitional Housing	Cars for a Cause	Credit Repair and Recovery	Total All Programs
Changes in unrestricted net assets:										
Revenue										
Sales proceeds	\$ 139,500								\$ 139,500	
Cost of revenues	(152,452)								(152,452)	
Net loss on sale of houses	(12,952)									(12,952)
Increase in value of houses	31,000									31,000
Net loss on sale of houses and increase in value of houses	18,048									18,048
Support										
Grants										
Federal			\$ 93,849			\$ 59,051	\$ 60,255	\$ 78,644	\$ 94,699	1,151,875
State										80,775
Local				\$ 9,000	\$ 50,000					128,314
Foundation					102,000					111,000
Other support										16,309
Utilization of contributed food										288,554
Utilization of contributed professional service										33,000
Utilization of contributed facilities										1,023
Other										4,772,134
Net assets released from restrictions:										
Satisfaction of program restrictions	\$ 67,986									
Total unrestricted support (deficiency)	18,048	67,986	93,849	9,000	152,000	59,051	60,255	78,644	94,699	6,601,032
Expenses										
Salaries		397	97,034	7,629	146,968	38,524	25,701	12,830	78,934	4,816,448
Utilization of contributed food										16,309
Utilization of contributed professional service										288,554
Professional services		7,392			4,300				1,000	55,124
Contractual										111,148
Maintenance - facilities							200			51,066
Rent										86,558
Services										33,000
Utilization of contributed facilities										155,559
Supplies			2,749	2,692	6,675	18,208	345	1,482	1,355	157,674
Travel and van costs		14,608	1,835		27,525	1,485	47	1,606	1,370	209,560
Insurance			2,600		1,900			20,321		70,984
Services provided to community:							25,684			287,001
Emergency assistance										15,290
Food										28,621
Medical										64,213
Utility payments		2,834	2,325	375	18,497	3,163	327	4,680	923	233,521
Other		35,659	6,797		5,296				5,296	225,282
Depreciation		3,796	2,840		4,686	365	365	1,075	6,921	
Utilities										
Total unrestricted expenses	-	67,986	116,940	10,696	215,847	61,745	52,669	41,994	96,799	6,905,912

Changes in unrestricted net assets	18,048	-	(23,091)	(1,696)	(63,847)	(2,694)	7,586	36,650	(2,100)	(304,880)
Other changes in unrestricted net assets:										
Transfer in			(13,598)	(1,604)		1,330				74,032
Transfer out						(1,763)		(3,007)		(74,032)
Increase (decrease) in unrestricted net assets	18,048	-	(36,689)	(3,300)	(63,847)	(3,127)	7,586	33,643	(2,100)	(304,880)
Changes in temporarily restricted net assets										
Support										
Grants										
Federal		50,932								4,700,309
State										6,535
Net assets released from restrictions:										
Satisfaction of program restrictions		(67,986)								(4,772,134)
Increase (decrease) in temporarily restricted net assets	-	(17,054)	-	-	-	-	-	-	-	(65,290)
Increase (decrease) in net assets	18,048	(17,054)	(36,689)	(3,300)	(63,847)	(3,127)	7,586	33,643	(2,100)	(370,170)
Net assets at March 31, 2003	(139,043)	100,436	35,184	3,336	72,902	4,107	8,224	24,574	10,244	1,693,371
Net assets at March 31, 2004	\$ (120,995)	\$ 83,382	\$ (1,505)	\$ 36	\$ 9,055	\$ 980	\$ 15,810	\$ 58,217	\$ 8,144	\$ 1,323,201

**ST. MARY COMMUNITY ACTION COMMITTEE ASSOCIATION, INC.**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended March 31, 2004**

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR NAME/ PROGRAM TITLE	FEDERAL CFDA NUMBER	REVENUE RECOGNIZED	EXPENSES INCURRED
<u>U.S. Department of Agriculture</u>			
Passed through Louisiana Department of Education			
Child and Adult Care Food Program	10.558	\$411,613	\$411,613
Summer Food Service Program for Children (Summer Feeding Program)	10.559	60,261	60,123
Rural Business Enterprise Grants	10.769	11,000	10,476 see Note 3
Passed through Second Harvester Food Bank			
Food Donation(Food Commodities)	10.550	16,309	16,309
Total U.S. Department of Agriculture		499,183	498,521
<u>U. S. Department of Housing and Urban Development</u>			
Passed through Louisiana Department of Social Services Office of Community Services			
Passed through the St. Mary Parish Council			
Emergency Shelter Grants Program	14.231	11,647	11,647
Supportive Housing Program	14.235	165,970	158,384
Total U. S. Department of Housing and Urban Development		177,617	170,031
<u>U.S. Department of Energy</u>			
Passed through Louisiana Department of Social Services Office of Community Services			
Weatherization Assistance for Low-Income Persons	81.042	58,407	58,407
Total U.S. Department of Energy		58,407	58,407
<u>U.S. Department of Transportation</u>			
Passed through Louisiana Department of Trans- portation and Development			
Job Access Reverse Commute	20.516	83,540	83,540
Total U.S. Department of Transportation		83,540	83,540

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR NAME/ PROGRAM TITLE	FEDERAL CFDA NUMBER	REVENUE RECOGNIZED	EXPENSES INCURRED
<u>Federal Emergency Management Agency</u> Emergency Food and Shelter National Board Program	83.523	\$12,436	\$12,238
Total Federal Emergency Management Agency		<u>12,436</u>	<u>12,238</u>
<u>U.S. Department of Health and Human Services</u> Administration for Children and Families Head Start	93.600	4,064,642	4,127,396 see Note 2
Passed through Louisiana Department of Social Services Office of Community Services			
Low income Home Energy Assistance	93.568	66,692	66,692
Passed through Louisiana Department of Social Services Office of Family Support			
Temporary Assistance for Needy Families	93.558	315,205	340,984
Passed through Louisiana Department of Labor			
Community Services Block Grant	93.569	386,939	367,837
Passed through Louisiana Department of Health and Hospitals Office for Addictive Disorders			
Consolidated Knowledge Development and Application Program	93.230	59,051	59,051
Total U.S. Department of Health and Human Services		<u>4,892,529</u>	<u>4,961,960</u>
<u>U.S. Department of Labor</u> Passed through Evangeline Economic and Planning District			
Welfare-to-Work Grants to States and Localities	17.253	50,932	32,327 see Note 4
Passed through the St. Landry Parish Police Jury			
Passed through the Workforce Investment Act Board			
Workforce Investment Act	17.255	93,849	93,849
Total U.S. Department of Labor		<u>144,781</u>	<u>126,176</u>
Total Federal Financial Assistance		<u>\$5,868,493</u>	<u>\$5,910,873</u>

The accompanying notes are an integral part of this schedule.

**ST. MARY COMMUNITY ACTION COMMITTEE ASSOCIATION, INC.**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended March 31, 2004**

**NOTE 1 - REPORTING METHOD**

Except for Head Start, Welfare-to-Work, and Revolving Loan expenses, all revenues and expenses on this schedule are reported on the basis of generally accepted accounting principles.

**NOTE 2 - HEAD START EXPENSES**

Reconciliation of the expenses incurred on the financial statements to expenses incurred on the Schedule of Expenditures of Federal Awards is as follows:

Total unrestricted expenses per financial statement	\$4,534,071
Add: Fixed asset additions	83,120
Less: Depreciation expense	(168,241)
Contributions	<u>(321,554)</u>
 Total expenses incurred per Schedule of Expenditures of Federal Awards	 <u>\$4,127,396</u>

**NOTE 3 - REVOLVING LOAN FUND EXPENSES**

When loans are made to borrowers, the amount of the loan is not expensed for financial statement reporting, rather it is recorded as notes receivable. Reconciliation of the expenses incurred on the financial statements to expenses incurred on the Schedule of Expenditures of Federal Awards is as follows:

Total expenses per financial statement	\$976
Add: Loan disbursements	<u>9,500</u>
Total expenses incurred per Schedule of Expenditures of Federal Awards	<u>\$10,476</u>

**NOTE 4 - WELFARE TO WORK EXPENSES**

Reconciliation of the expenses incurred on the financial statements to expenses incurred on the Schedule of Expenditures of Federal Awards is as follows:

Total expenses per financial statement	\$67,986
Less: Depreciation	( <u>35,659</u> )
Total expenses incurred per Schedule of Expenditures Of Federal Awards	<u>\$32,327</u>

**INTERNAL ACCOUNTING CONTROL AND COMPLIANCE**





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

Board of Directors  
St. Mary Community Action Committee Association, Inc.  
Franklin, Louisiana

We have audited the financial statements of the St. Mary Community Action Committee Association, Inc. (a nonprofit organization) as of and for the year ended March 31, 2004, and have issued our report thereon dated September 24, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

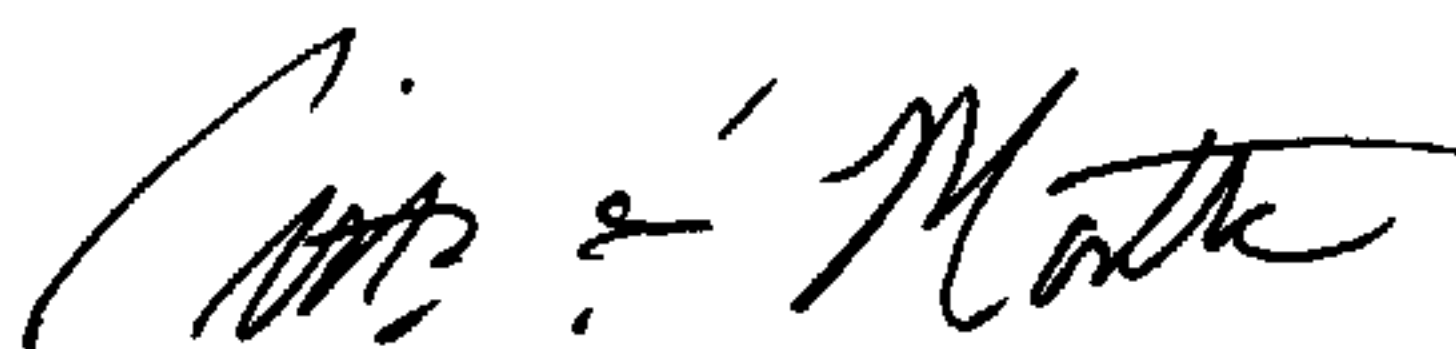
As part of obtaining reasonable assurance about whether the St. Mary Community Action Committee Association, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance that is required to be reported under Government Auditing Standards, which is described in the accompanying schedule of findings and questioned costs as item 2004-1.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the St. Mary Community Action Committee Association, 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 that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable conditions described above is not a material weakness.

This report is intended for the information of management, awarding agencies, and the Legislative Auditor of the State of Louisiana, and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is considered a public record and may be distributed by the Legislative Auditor.



CERTIFIED PUBLIC ACCOUNTANTS

September 24, 2004



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

Board of Directors  
St. Mary Community Action Committee Association, Inc.  
Franklin, Louisiana

Compliance

We have audited the compliance of the St. Mary Community Action Committee Association, Inc. (a nonprofit organization) 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 March 31, 2004. The St. Mary Community Action Committee Association, 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 St. Mary Community Action Committee Association Inc.'s management. Our responsibility is to express an opinion on the St. Mary Community Action Committee Association, 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 Organizations". 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 St. Mary Community Action Committee Association, 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 the St. Mary Community Action Committee Association, Inc.'s compliance with those requirements.

As described in item 2004-2 in the accompanying schedule of findings and questioned costs/cost principles, St. Mary Community Action Committee Association, Inc., did not comply with requirements regarding allowable costs/cost principles that are applicable to its Head Start program. Compliance with such requirements is necessary, in our opinion, for St. Mary Community Action Committee Association, Inc., to comply with requirements applicable to that program.

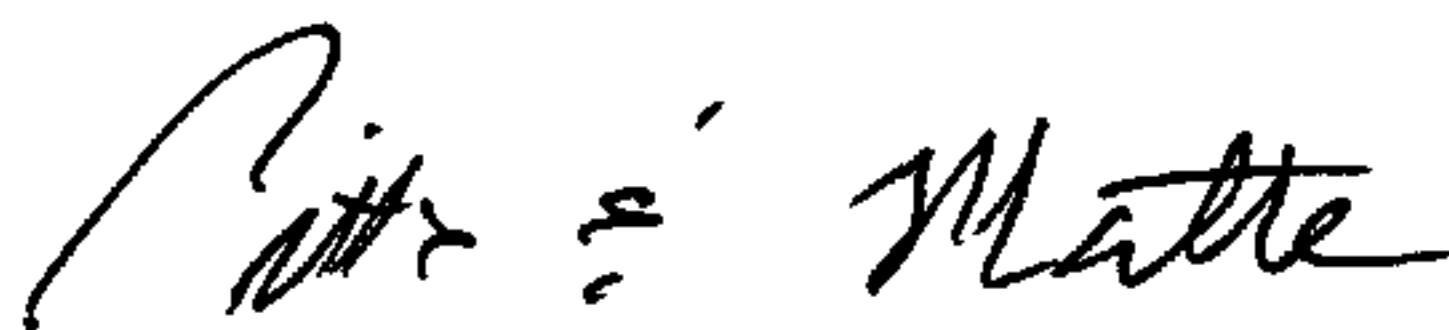
In our opinion, except for the noncompliance described in the preceding paragraph, St. Mary Community Action Committee Association, Inc., complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended March 31, 2004.

#### Internal Control Over Compliance

The management of St. Mary Community Action Committee Association, Inc. is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the St. Mary Community Action Committee Association, Inc.'s internal control over compliance with requirements that could have 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.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control 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 noncompliance with 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. We noted no matters involving the internal control over compliance and its operation that we consider to be material weakness.

This report is intended for the information of management, awarding agencies, and the Legislative Auditor of the State of Louisiana, and it not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is considered a public record and may be distributed by the Legislative Auditor.



CERTIFIED PUBLIC ACCOUNTANTS

September 24, 2004

**ST. MARY COMMUNITY ACTION COMMITTEE ASSOCIATION, INC.**  
**SCHEDULE OF FINDINGS, AND QUESTIONED COSTS**  
**For the Year Ended March 31, 2004**

**A. SUMMARY OF AUDIT RESULTS**

1. The auditors' report expresses an unqualified opinion on the financial statements of the St. Mary Community Action Committee Association, Inc.
2. One reportable condition was disclosed during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of the St. Mary Community Action Committee Association, Inc. were disclosed during the audit.
4. One reportable condition was disclosed during the audit of the major federal award programs.
5. The auditors' report on compliance for the major federal award programs for the St. Mary Community Action Committee Association, Inc. expresses a qualified opinion *on all major federal programs.*
6. One audit finding relative to a major federal award program for the St. Mary Community Action Committee Association, Inc., is reported in Part C of this Schedule.
7. The four programs tested as major programs are:
  - A. Head Start (CFDA No. 93.600)
  - B. Child and Adult Care Food Program (CFDA No. 10.558)
  - C. Community Services Block Grant (CFDA No. 93.569)
  - D. Temporary Assistance for Needy Families (CFDA No. 93.558)
8. The threshold for distinguishing types A and B programs was \$300,000.
9. St. Mary Community Action Committee Association, Inc. was not determined to be a low risk auditee.

## B. FINDINGS - FINANCIAL STATEMENT AUDIT

### ITEM NO. 2004-1 TIMELINESS OF AUDIT

#### Auditors' Comments

Condition: The annual audit was not completed within the time limits specified under Louisiana Law.

Criteria: Louisiana revised statutes require that the St. Mary Community Action Committee Association, Inc., have its audit complete within six months after year end.

Effect: Violation of state statute.

Cause: All accounting work and all auditing procedures were completed prior to the deadline. However, the Agency was in contact with its major grantor concerning certain expenditures for the year. These questions were not answered until after September 30, 2004.

Recommendation: Management should make every effort to comply with state law and submit its audit within the specified time limit.

Management's Response: We had completed all accounting work and all auditing procedures were completed prior to the deadline. We were in contact with our major grantor regarding a question about certain expenditures. This issue was not resolved until after the audit deadline. In the future, we will make every effort to resolve all issues in sufficient time to submit our audit within the time frame as specified by state law.



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

U.S. Department of Health and Human Services  
Head Start  
CFDA No. 93.600

Questioned  
Costs

Type of Finding: Item of Noncompliance  
(Material to the Program)

ITEM NO. 2004-2 EXPENDITURES IN EXCESS OF  
AUTHORIZED GRANT AMOUNT

Auditors' Comments

Condition: During the audit, we noted that the Agency's actual expenditures for grant reporting purposes exceeded the authorized grant amount by \$62,754.

\$62,754

Criteria: The grantor awards a specific amount of grant funds each year for the Agency to operate. The Agency should not spend more than the grantor has authorized.

Effect: Spending in excess of the grant amount will cause the Agency to be short of funds to meet all of its financial obligations for the year.

Cause: The Agency's costs increased substantially during the year primarily due to higher costs in the areas of insurance, fuel, and utilities.

Recommendation: The Agency should monitor expenses more closely during the year and make adjustments where necessary based upon total funds awarded by the grantor.

Management's Response: We closely monitor our expenditures so that we will have adequate funds to operate, however during the year, several unanticipated and uncontrollable incidences caused us to have over expenditures this year. An audit of prior year workmen's compensation insurance costs and coverages resulted in additional charges of \$22,000. Late in the year, we incurred significant increases in fuel and utility costs caused by the increase in oil and natural gas prices. In an effort to prevent this from reoccurring, the Association proposes the following corrective action.

- Review all insurance policies to decrease costs
- Track closely fuel and utilities to decrease expenses
- Reevaluate Worker Compensation and State Unemployment Tax Assessment to decrease current policy cost.

**D.SUMMARY OF PRIOR YEAR FINDINGS AND RELATED CORRECTIVE ACTION  
PREPARED BY ST. MARY COMMUNITY ACTION COMMITTEE ASSOCIATION,  
INC.**

There were no findings reported for the year ended March 31, 2003.





## ST. MARY COMMUNITY ACTION

P. O. BOX 271      PHONE 337 - 828-5703 / 5705

FAX 337 - 828-5754

FRANKLIN, LOUISIANA 70538

ALMETRA J. FRANKLIN  
CHIEF EXECUTIVE OFFICER

October 15, 2004

Mr. Steve Theriot, CPA  
Legislative Auditor, State of Louisiana  
P.O. Box 94397  
Baton Rouge, LA 70804-9397

Dear Mr. Theriot,

We respectfully submit the following corrective action plan for the year ended March 31, 2004.

Responsible person: *Eugene Foulcard, Finance Director*

Time of Completion: March 31, 2005

B. Finding - Financial Statement Audit

### NONCOMPLIANCE

ITEM NO. 2004-1      TIMELINESS OF AUDIT

Correction Action: We had completed all accounting work and all auditing procedures were prior to the deadline; however, we had one unanswered question of a major grantor that was not resolved until after the deadline. We will make every effort to obtain necessary information from our grantors to submit our audit in the time as required by state law.

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

ITEM NO. 2004-2      EXPENDITURES IN EXCESS OF AUTHORIZED GRANT AMOUNT

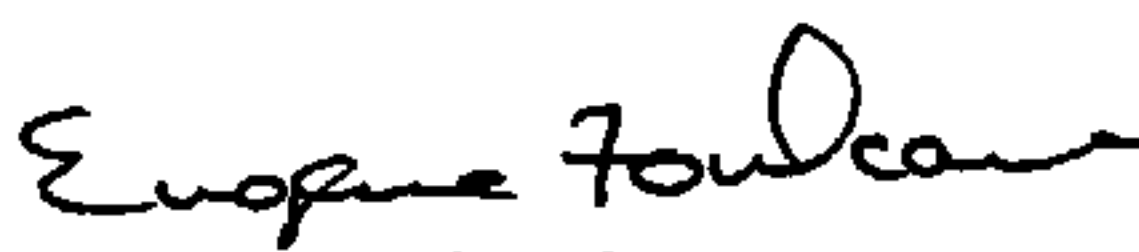
Corrective Action: We closely monitor our expenditures so that we will have adequate funds to operate, however during the year, several unanticipated and uncontrollable incidences caused us to have over expenditures this year. An audit of prior year workmen's compensation insurance costs and coverages resulted in an additional charge of \$22,000. Late in the year, we incurred significant increases in fuel and utility costs caused by the increase in oil and natural gas prices.

In an effort to prevent this from reoccurring, the Association proposes the following corrective action.

- Review all insurance policies to decrease costs
- Track closely fuel and utilities to decrease expenses
- Re-evaluate worker compensation and state unemployment tax assessment to decrease current policy cost

Sincerely,

St. Mary Community Action  
Committee Association, Inc.



Eugene Foulcard  
Finance Director