THE ASSIST AGENCY, INCORPORATED
Crowley, Louisiana

AUDITED FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

As of and For the Year Ended December 31, 1999

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
The ASSIST Agency, Incorporated
Crowley, Louisiana

We have audited the accompanying statement of financial position of The ASSIST Agency, Incorporated (a nonprofit organization) as of December 31, 1999, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

The accompanying financial statements have been prepared assuming that The ASSIST Agency, Incorporated will continue as a going concern. As discussed in Note 14 to the financial statements, The ASSIST Agency, Incorporated has estimated loss contingencies that raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 14. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

In our opinion, except for the effects of continuing as a going concern as discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of The ASSIST Agency, Incorporated as of December 31, 1999, and the changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2000, on our consideration of The ASSIST Agency, Incorporated's internal control over financial reporting and our tests of its compliance with certain provisions of law, regulations, contracts, and grants.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of The ASSIST Agency, Incorporated taken as a whole. The accompanying schedule of expenditures of federal awards is 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 is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

DUNN, ROBERTS, AND COMPANY, LLC
LAKE CHARLES, LOUISIANA
June 20, 2000

Dunn, Roberts, and Company, LLC

THE ASSIST AGENCY, INCORPORATED
Statement of Financial Position
December 31, 1999

ASSETS

Current Assets		
Cash	$	31,982
Accounts Receivable		
Grants and Contracts		35,147
Other		2,744
Inventory		69,492
Prepaid Expenses		6,283
Total Current Assets		145,649
Fixed Assets		
Fixed Assets		83,090
Long-Term Investment		100
	$	228,838

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts Payable	$	26,509
Current Portion of Notes Payable		25,526
Accumulated Annual Leave		36,491
Due to Funding Source, Current Portion		5,434
Estimated Liability Due To Loss Contingency		93,651
Other Current Liabiliies		2,487
Total Current Liabilities		190,098
Long-term Liabilities		
Long-term Debt, Less Current Portion		98,102
		288,200
Net Assets		
Unrestricted Net Assets		(73,880)
Permanently Restricted Net Assets		$14,518
		(59,362)
	$	228,838

The accompanying notes are an integral part of this statement.

THE ASSIST AGENCY, INCORPORATED
Statement of Activities
For the Year Ended December 31, 1999

		Unrestricted
Support and Revenue		
Support:		
Grants and Contracts	$	871,795
Contributions		25,615
Other		23,886
Special Events		227
		921,523
Revenue:		
Management Fees		13,375
Lease Income		5,400
Technical Assistance-Day Care & Thrift Store		4,570
Mini-Mart Sales		391
Credit Report Fees		1,381
Domestic Abuse Program Income		7,730
Interest Income		885
		33,732
Total Support and Revenue		955,255
Expenses		
Programs:		
Community Services Block Grant Program		340,997
LIHEAP Energy Assistance Grant Program		268,398
Weatherization Assistance Grant Program		147,886
HUD-McKinney Program-Homeless Grant Program		15,145
Small Programs		19,424
HUD-McKinney Program-Housing Counseling Program		6,976
HUD-Special Needs Assistance Program - Transitional Housing		4,893
HUD-Special Needs Assistance Program - J&K Hope Center		17,253
Total Program Services		820,973
Support Services:		
General and Administrative		114,410
Total Expenses		935,383
Change in Unrestricted Net Assets		19,872
NET ASSETS, BEGINNING OF YEAR (RESTATED)		($79,234)
NET ASSETS, END OF YEAR	$	(59,362)

The accompanying notes are an integral part of this statement.

THE ASSIST AGENCY, INCORPORATED
Statement of Cash Flows
For the Year Ended December 31, 1999

CASH FLOWS PROVIDED BY OPERATING ACTIVITIES		
Change in Net Assets	$	19,872
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Increase in Accounts Receivable		(21,233)
Increase in Inventory		(101)
Increase in Other Current Assets		(191)
Increase in Accumulated Annual Leave		3,278
Increase in Other Current Liabilities		867
Increase in Accounts Payable		4,657
Net Cash Provided by Operating Activities		7,148
CASH FLOWS USED FOR INVESTING ACTIVITIES		
Purchase of Fixed Assets		(2,926)
Investment in Partnerships		(100)
Net Cash Used for Investing Activities		(3,026)
CASH FLOWS USED FOR FINANCING ACTIVITIES		
Proceeds from Notes Payable		45,000
Payments on Notes Payable		(11,535)
Repayment of Amounts Due Funding Sources		(31,257)
Net Cash Used for Financing Activities		2,209
NET DECREASE IN CASH		6,331
Cash, Beginning of Year		25,651
Cash, End of Year	$	31,982

The accompanying notes are an integral part of this statement.

THE ASSIST AGENCY, INCORPORATED
Notes to the Financial Statements
As of and For the Year Ended December 31, 1999

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities:

The ASSIST Agency, Incorporated (formally Acadia-Vermilion Community Action Program, Incorporated) is a nonprofit organization chartered by the State of Louisiana on March 15, 1976. The corporation is recognized by the Internal Revenue Service (IRS) as a tax-exempt organization under 501 (c) (3) of the Internal Revenue code. The primary function of the Agency is to provide services to low-income, handicapped and homeless individuals. Such services include: weatherization assistance, emergency food and shelter, food distribution, low-income housing assistance, energy assistance and other related social and emergency services. The Board of Directors governs its operation. Board members receive no compensation for their services.

Basis of Accounting:

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles, and accordingly, reflect all significant receivables, payables, and other liabilities.

Support and Revenue:

The Agency receives its grants and contract support primarily from the U. S. Department of Health and Human Services, passed through the State of Louisiana, Department of Social Services, Office of Community Services and State of Louisiana, Department of Employment and Training (see Note 2 – Summary of Grants/Contracts Funding). Support received from those grants and contracts is recognized either on a pro-rata basis over a twelve month period, which represents the service period for certain contracts, or to the extent of expenses. Revenue recognition depends on the contract. Other revenue and interest income are recognized when earned.

Fixed Assets:

Fixed assets acquired by the Agency are considered to be owned by the Agency. However, State funding sources may maintain equitable interest in the property purchased with grant monies, as well as the right to determine the use of any proceeds from the sale of these assets. The State has a reversionary interest in those assets purchased with its funds which have a cost of $250 or more and an estimated useful life of at least two years. Fixed assets in the amount of $14,518 represents the total amount of assets purchased with state funding sources.

The remaining fixed assets of $68,572 represents assets purchased directly by the Agency with funds generated by the Agency, other than state or federal funding sources. The Agency has elected not to depreciate fixed assets over the estimated useful life of the asset which does result in a departure from generally accepted accounting principles.

Functional Allocation of Expenses:

The costs of providing the various programs and other activities has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Estimates:

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

Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Statement Presentation

The Agency has adopted Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations." Under SFAS No. 117, the Agency is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Agency is required to present a statement of cash flows. As permitted by the statement, the Agency has discontinued its use of fund accounting.

Contributions

The Agency has also adopted SFAS No. 116, "Accounting for Contributions Received and Contributions Made." Contributions received are recorded as unrestricted temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

Income Taxes:

The ASSIST Agency, Inc. is exempt from federal income taxes under section 501 (c) (3) of the Internal Revenue Code and, therefore, has made no provision for federal income taxes in the accompanying financial statements. There was no unrelated business income for 1999.

2. SUMMARY OF GRANTS/CONTRACTS FUNDING

ASSIST was primarily funded through the following grants and contracts for the year 1999:

U. S. Department of Health and Human Services, passed through Louisiana Department of Employment and Training: Community Services Block Grant	$325,097
U. S. Department of Health and Human Services, passed through Louisiana Department of Social Services: LIHEAP Energy Assistance Grant	300,528
U. S. Department of Health and Human Services, passed through Louisiana Department of Social Services: Weatherization Assistance Grant	199,210
U. S. Housing and Urban Development: Housing Counseling Program	9,061
U. S. Housing and Urban Development, passed through Lafayette Catholic Services Center, Transitional Housing Program	6,558
U. S. Housing and Urban Development, passed through Lafayette Catholic Services Center, J & K Hope Center Program	16,163
U. S. Housing and Urban Development, passed through Louisiana Department of Social Services: Homeless Funds Grant	15,178
	$871,795

3. ACCOUNTS RECEIVABLE – GRANTS AND CONTRACTS

As of December 31, 1999, accounts receivable from grants and contracts was composed of:

Weatherization Assistance Grant	$32,085
Community Service Block Grant	1,943
Homeless Funds Grant	1,119
	$35,147

Continued

4. INVENTORY

Beginning in 1997 and continuing through the year ended December 31, 1999, the Agency participated in the HUD 203(k) housing renovation program established for the purpose of providing affordable home ownership to eligible individuals. The program requires that the Agency locate property at a reasonable price and submit a proposal which budgets the original acquisition, as well as estimated costs for renovations. The Agency is to locate eligible home owners and arrange for a lease purchase.

The Agency had one property in inventory with an original purchase price of $35,000, $28,000 for the structure and $7,000 for the land. The Agency estimated renovation to amount to $21,700. Financing was arranged in the amount of $56,700. Total renovations exceeded estimated amounts by $12,792, $12,691 of which occurred prior to 1999. The Agency was not able to obtain financing for the amount by which estimates were exceeded and required cash to be paid up front. The total cost of the home amounted to $69,492 and is reflected as inventory in the financial statements at that cost.

During 1998 the Agency entered into a lease agreement, which contained an intent to purchase clause, with an eligible buyer. The purchase agreement was contingent on the individual obtaining financing. At the end of 1999 the individual had not obtained financing and the month to month lease was left in place. The ASSIST Agency, Inc. receives $450 each month as a result of this arrangement.

5. CASH

Under state law, the Agency may deposit funds in demand accounts, interest bearing demand accounts, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. At December 31, 1999 the Agency had cash book balances totaling $ 31,982.

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount of deposit with the fiscal agent. These securities are to be held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

6. NOTES PAYABLE

	Balance
During 1999, The ASSIST Agency, Inc. secured financing for $35,000 from a local bank. The debt was financed over 60 months at 9.375% with monthly payments of $737.	$30,312
During 1999, The ASSIST Agency, Inc. secured financing for $10,000 from a local bank. The debt was financed over 12 months at 10.5%. For the year of 1999, only interest payments were remitted.	10,000
During 1998, The ASSIST Agency, Inc. secured financing for $37,000 from a local bank. The debt was financed over 60 months at 9.875% with monthly payments of $788.	28,363
On August 10, 1997, the Agency finalized financing on the 203(k) home, purchased and renovated to provide affordable home ownership to an eligible person (SEE NOTE 4). The original amount financed was $56,700 over 30 years at an annual interest rate of 7.0% per annum, with monthly note payments of $499. The mortgage payable is secured by inventory.	54,953
Total Notes Payable	123,628
Less Current Portion	25,526
Long-term Portion of Notes Payable	$98,102

Continued

6. NOTES PAYABLE - continued

Maturities by year are as follows:

2000	25,526
2001	17,023
2002	18,669
2003	16,330
2004	4,528
2005	3,288
Thereafter	38,264
	$123,628

7. ANNUAL VACATION AND SICK LEAVE

Employees earn from twelve to eighteen days each of annual and sick leave each year, depending on their length of service. Also, employees are allowed to accumulate approved overtime in a compensation bank. Upon termination, employees are paid for unused annual leave for a maximum of fifteen days and the amount accumulated in the overtime compensation bank at a rate of pay computed as an average hourly rate of their three highest years of employment. Sick leave is not paid upon termination. Annual leave accumulated during the year amounted to $3,278. The resulting liability at year end amounted to $36,491.

8. PENSION PLAN

The ASSIST Agency, Inc. implemented a pension plan at the beginning of 1999. The Agency contributes to a Savings Incentive Match Plan for Employees of Small Employers (SIMPLE). All employees of the Agency are eligible to participate. The Agency makes contributions up to a limit of 3% of compensation for the calendar year to the SIMPLE IRA of each eligible employee who has at least $5,000 in compensation for the calendar year. Pension expense for 1999 was $8,545.

9. IN-KIND CONTRIBUTIONS

The Agency receives in-kind contributions from volunteers (buildings and property) and volunteer services of residents. These in-kind contributions have not been included in the financial statements.

10. DISALLOWED COSTS AND AMOUNTS DUE FUNDING SOURCE

	Balance
During 1995, the State of Louisiana Office of Labor conducted a review, which resulted in $15,455.35 of disallowed costs due to the State of Louisiana. An installment plan was set forth to allow repayment over a period of time, with a quarterly payments of $700.	$2,780
During 1999 the Agency had amounts due totaling $2,654 to the Louisiana Department of Labor related to the Community Services Block Grant. This amount is due to budget variances exceeding the $500 allowable threshold. The $500 allowable threshold applies only to the extent that a budget surplus exists in another line item.	2,654
Total Disallowed Costs and Amounts Due Funding Source	$5,434

The total balance is due within one year.

Continued

11. OWNERSHIP INTEREST IN LIMITED PARTNERSHIPS

On December 15, 1995 the Agency entered into, as a managing general partner, a partnership known as Southwind Apartments, ALPIC. The partnership's stated purpose is that of acquisition, purchase, rehabilitation, construction, ownership and operation of multi-family housing and related facilities situated in Jefferson Davis Parish, Louisiana, which structures together with the land appurtenant thereto, are to constitute a project of housing for use and occupancy of individuals and families of low and moderate income, in accordance with the terms and conditions of the Home Affordable Rental Housing Program. According to the Articles of Partnership in Commendam, The ASSIST Agency, Inc. owns one-half of one percent (.5%) of the partnership. On May 9, 1996 the partnership entered into long-term financing for the purpose of constructing an apartment complex situated in Jennings, Louisiana.

On October 23, 1997 the Agency entered into a second partnership, as a managing general partner. The partnership, known as Westfield Apartments, ALPIC, also has a stated purpose of acquiring, purchasing, constructing, owning, and operating multi-family housing and related facilities situated in Jefferson Davis Parish, Louisiana, for occupancy of individuals and families of low and moderate income, in accordance with the terms and conditions of the Home Affordable Rental Housing Program. According to the Articles of Partnership in Commendam, The ASSIST Agency, Inc. owns one-half of one percent (.5%) of the partnership. In 1997 the partnership entered into long-term financing for the construction of an apartment complex situated in Welsh, Louisiana.

The Agency receives income monthly from the partnership. For the year ended December 31, 1999 the ASSIST Agency, Inc. received a total of $13,375 from Westfield Apartments, ALPIC and Southwind Apartments, ALPIC.

The investment is recorded at cost. As of December 31, 1999, The ASSIST Agency, Inc. had a cumulative negative equity position in the partnerships equal to $7,754. The Agency could be liable for its position upon dissolution of the partnerships. However, during the course of our audit, no information came to our attention concerning a future dissolution.

12. COMMITMENTS

During 1999, The ASSIST Agency, Inc. entered into a lease arrangement for a building located at 125 West 3rd Street in the City of Crowley, Acadia Parish, Louisiana for the administration of its programs. The operating lease has a primary term of one year commencing on November 1, 1999 and terminating on October 31, 2000. The monthly commitment is $2,250. The operating lease agreement does contain an option for the Agency to discontinue its commitment at any time if an event for which the Agency has no control occurs. Such an event is described as funding lost for rent or its existence ceases or its activities curtail as a result of actions by other agencies or bodies which actions are beyond its control. The Agency is only required to give 30 days notice to the Lessor of such action.

The Agency also leases office space for its outreach locations as well as certain equipment and storage space under monthly operating leases. Rent expense related to the items discussed herein for 1999 was $36,082.

13. CONTINGENCIES

The ASSIST Agency, Inc. received correspondence during 1999 noting amounts owed totaling $83,880 to the Jefferson Davis Police Jury. The amount payable is related to the U. S. Department of Housing and Urban Development 1994 funding program in which $83,880 was deemed either improperly spent or not properly remitted to the Jefferson Davis Police Jury for Section 8 Housing Assistance. As of the date of this audit report, no documentation of a payment plan existed, thus the total estimated loss contingency is deemed to be a current liability. Confirmation was obtained from the legal representation of the Jefferson Davis Police Jury of the amount payable. However, based on an internal review, the amount deemed liable is $58,445.

Continued

13. CONTINGENCIES – continued

The ASSIST Agency, Inc. also incurred a probable loss contingency as the result of its 1997 monitoring by the Louisiana Department of Labor related to the Community Services Block Grant (CSBG). The estimated contingency loss is $9,771. The amount was estimated using an October 20, 1999 correspondence from the State of Louisiana Department of Labor which noted a liability equal to $9,989. This amount was then reduce by an additional amount transferred to a program income account of the Agency in January 1999 based on our audit. This loss contingency encompasses two areas. The first area addresses costs deemed disallowed based on CSBG contract criteria as well as differences in the "Closeout Expenditure Report". The State of Louisiana, Department of Labor has deemed $1,658 payable to them related to this area. The remaining liability relates to program income resulting from income deemed produced as a result of an activity funded under the CSBG Subgrant. The finding mandates that funds be deposited in a separate program income account of the Agency. Management of The ASSIST Agency, Inc. and the State of Louisiana, Department of Labor differ in theory related to the program income in question and its prior usage. Therefore, all findings referenced by the State of Louisiana, Department of Labor in the October 20, 1999 correspondence have been appealed by the Agency. The Agency requested this appeal in correspondence dated November 8, 1999.

Management has acknowledged that positive negotiations to reach an equitable resolution are ongoing in the situations discussed herein. The maximum estimated loss contingencies total $93,651 and are reflected in the current liability section of the Statement of Financial Position.

14. GOING CONCERN

As described in Note 13 above, contingencies totaling $ 93,651 exist. Due to the nature of the contingencies, the liability cannot be funded with temporarily or permanently restricted program income. Additionally, the assets of The ASSIST Agency, Inc. are insufficient to be considered in Management's plan for remittance. As notes payable exist as described in Note 6, it may be unlikely that additional financing be approved by financial institutions to the extent necessary if total estimated loss contingencies become realized. Management has its acknowledgement of the situation. Management's plans include, but may not be limited to the following: Generation of rental income through renting office space in the administrative offices; generation of income related to the Greyhound bus stop and related ticket sales; and possible restructuring of existing debt to facilitate additional debt.

15. PRIOR PERIOD ADJUSTMENTS

As detailed in Note 13, estimated loss contingencies exist relating to prior periods. Thus, net assets as of January 1, 1999 have been decreased to reflect the following: Reduction in grant revenues received for the year 1997 in the amount of $9771; and reduction in grant revenues received for the year 1994 in the amount of $83,880.

Additionally, permanently restricted net assets are those assets purchased in which the State has a reversionary interest. Permanently restricted net assets were decreased as of January 1, 1999 due to the discarding of assets in 1998. The amount of the decrease was $7,996.

16. PERMANENTLY RESTRICTED NET ASSETS

As noted in the Summary of Significant Accounting Policies, State funding sources may maintain equitable interest in the property purchased with grant monies, as well as the right to determine the use of any proceeds from the sale of these assets. The State has a reversionary interest in those assets purchased with its funds which have a cost of $250 or more and an estimated useful life of at least two years. These assets are reflected as permanently restricted net assets. Permanently restricted net assets for 1999 amount to $14,518.

Continued

17. SUBSEQUENT EVENTS

A new program was obtained during 1999. The program is the Rural Business Enterprise Grant (RBEG) which is funded through the United States Department of Agriculture. The program supports the development of small and emerging private business enterprises in rural areas. The program attains its mission through grants, made to public bodies and private nonprofit corporations, that are subsequently loaned to third party recipients to facilitate the development and/or expansion of private business enterprises in rural areas. The ASSIST Agency, Inc. received notification on February 8, 1999 of the grant funds obligated in the amount of $88,292. The funds are obligated for the five-year period ended September 30, 2004. Funds are disbursed from the Rural Business Enterprise Grant only when needed for lending. In January of 2000, the Agency received its first remittance in the amount of $30,000. The $30,000 was subsequently remitted to the approved applicant.

SUPPLEMENTARY INFORMATION

THE ASSIST AGENCY, INCORPORATED
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 1999

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses a qualified opinion on the financial statements of The ASSIST Agency, Inc., as information exist that gives rise to substantial doubt about the entity's ability to continue as a going concern.
2. One reportable condition disclosed during the audit of the financial statements are reported 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*. The condition is reported as a material weakness.
3. No instances of noncompliance material to the financial statements of The ASSIST Agency, Inc. which would be required to be reported in accordance with *Government Auditing Standards* were disclosed during the audit.
4. One reportable condition disclosed during the audit of the major federal award programs is reported in the report on compliance with requirements applicable to each major program and on internal control over compliance in accordance with OMB Circular A-133. The reportable condition is reported as a material weakness.
5. The auditors' report on compliance for the major federal award programs for The ASSIST Agency, Inc. expresses an unqualified opinion on all major federal programs.
6. Audit findings relative to the major federal award programs for The ASSIST Agency, Inc. are reported in Part C of this Schedule.
7. The programs tested as major programs included:
   a. *Community Service Block Grant Program – CFDA 93.569*
   b. LIHEAP Energy Assistance Grant Program – CFDA 93.568
8. The threshold for distinguishing Types A and B programs was $300,000.
9. The ASSIST Agency, Inc. was determined to be a high-risk auditee.

B. FINDINGS – FINANCIAL STATEMENT AUDIT

REPORTABLE CONDITIONS

1. Cash Disbursements

Condition: The Agency lacks appropriate internal control over cash disbursements. This lack of internal control involves the proper segregation of duties. Currently, individuals of the Accounting Department are able to follow transactions through to their end. Thus, individuals are able to approve cash disbursements, issue payment, control signature stamps, and receive and reconcile bank statements.

Criteria: Internal controls should be in place to provide for safeguarding of assets, specifically, segregation of responsibilities.

Effect: Because individuals exist having substantial control, assets are at risk of being misappropriated.

Recommendation: Procedures should be established to segregate accounting duties to ensure the appropriate safeguarding of assets.

Response: We will be implementing a procedure in reference to this finding by where the two accounting personnel will have separate duties as follows: Each accounting personnel will be responsible for separate aspects of each account. The accounting personnel assigned to issue checks after comparisons to approved invoices, purchase orders, etc. will not receive nor reconcile the account for which those cash disbursement duties have been performed. We are also considering the implementation of additional responsibilities for an administrative assistant by where the administrative assistant would have custody of the checks after signature in order to handle the mailing or other distribution of such checks. We are also considering the implementation of a procedure by which another party, such as the Treasurer of the Board of Directors reviews bank statement reconciliations and approves such reconciliations by evidence of initial and date.

Continued

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

1. Community Service Block Grant Program – CFDA 93.569 -- Grant No. CFMS542811 – Grant Period: 01/01/99 through 12/31/99.

   LIHEAP Energy Assistance Grant Program – CFDA 93.568 – Grant No. CFMS528369 – Grant Period 01/01/99 through 12/31/99.

   Reportable Condition: As discussed in B1, two individuals exist each having excessive accounting control of the cash disbursement function. Because of the lack of adequate control over the cash disbursement function, expenditures of federal awards could be inappropriately disbursed without the approval or knowledge of management. Procedures should be implemented requiring appropriate segregation of accounting responsibilities.

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

To the Board of Directors of
The ASSIST Agency, Inc.

We have audited the financial statements of The ASSIST Agency, Inc. (A nonprofit organization) as of and for the year ended December 31, 1999, and have issued our report thereon dated June 20, 2000. We conducted our audit in accordance with generally accepted auditing standards 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 ASSIST Agency, 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 an instance of noncompliance that is required to be reported under *Government Audit Standards* and which is described in the accompanying schedule of findings and questioned costs as item B1.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered The ASSIST Agency, 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. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. A reportable condition involves a matter coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect The ASSIST Agency, Inc.'s ability to record, process, summarize, and report financial data consistently with the assertions of management in the financial statements. A reportable condition is described in the accompanying schedule of findings and questioned costs as item B1.

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, concerning the reportable condition described above, we consider the finding to be a material weakness. Additionally, we noted other matters involving the internal control over financial reporting, which we have reported to management of The ASSIST Agency, Inc. in a separate letter dated June 20, 2000.

This report is intended for the information and use 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.

DUNN, ROBERTS, AND COMPANY, LLC
LAKE CHARLES, LOUISIANA
June 20, 2000

Dunn, Roberts, and Company, LLC

DUNN, ROBERTS and COMPANY, LLC
POST OFFICE BOX 1725
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MEMBERS
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Sara A. Roberts, CPA, APAC

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

To the Board of Directors of
The ASSIST Agency, Inc.

Compliance

We have audited the compliance of The ASSIST Agency, 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 December 31, 1999. The ASSIST Agency, Inc.'s major federal programs are identified in the summary of auditors' 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 ASSIST Agency's management. Our responsibility is to express an opinion on The ASSIST Agency Inc.'s compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; 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 The ASSIST Agency, 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 of The ASSIST Agency Inc.'s compliance with those requirements.

In our opinion, The ASSIST Agency, Inc. complied, in all material respects, with the requirement referred to above that are applicable to each of its major federal programs for the year ended December 31, 1999. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item C1.

Internal Control Over Compliance

The management of The ASSIST Agency, 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 ASSIST Agency, 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 a certain matter involving the internal control over compliance and its operations that we consider to be a reportable condition. A reportable condition involves a matter coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect The ASSIST Agency Inc.'s ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. A reportable condition is described in the accompanying schedule of findings and questioned costs as item C1.

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. Our consideration of the internal control over compliance 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, concerning the reportable condition described above, we consider it to be a material weakness.

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.

DUNN, ROBERTS, AND COMPANY, LLC
LAKE CHARLES, LOUISIANA
June 20, 2000
Dunn, Roberts, and Company, LLC

THE ASSIST AGENCY, INCORPORATED
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 1999

Federal Grantor/Pass-through Grantor Program Title	Federal CFDA Number	Pass-through Number	Federal Disbursements/ Expenditures
U. S. Department of Health and Human Services			
Passed through Louisiana Department of Employment and Training:			
Community Service Block Grant	93.569	CFMS542811	$325,097
Passed through Louisiana Department of Social Services:			
LIHEAP Energy Assistance	93.568	CFMS528369	300,528
Weatherization Assistance for Low-Income Persons	93.568	CFMS515912	199,210
			824,835
U. S. Department of Housing and Urban Development			
Housing Counseling Program	14.169		9,061
Passed through Lafayette Catholic Services Center			
Special Needs Assistance Program (SNAP) - Transitional Housing	14.235	LA48B800003	6,558
Special Needs Assistance Program (SNAP) - J & K Hope Center	14.235	LA48B800001	16,163
Passed through Louisiana Department of Social Services:			
McKinney Program-Homeless Funds	14.231	CFMS547065	15,178
			46,960
TOTAL			$871,795

NOTE A-BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of The ASSIST Agency, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

THE ASSIST AGENCY, INCORPORATED
Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 1999

U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

1998 - Finding Number C1: Community Service Block Grant Program, CFDA 93.569
LIHEAP Energy Assistance Grant Program, CFDA 93.568
Weatherization Assistance for Low-Income Persons, CFDA 93.568

Condition: The Agency lacks appropriate internal control over cash disbursements. Currently, one person has authority to approve cash disbursements, issue payment, has control over signature stamps, and reconciles the bank statement.

Recommendation: It was recommended that procedures be established to segregate accounting duties to insure the appropriate safeguarding of assets.

Current Status: There are two individuals within the Accounting Department, however, both issue disbursements, generate bank deposits, and reconcile bank statements. Therefore, no clear segregation of duties exists.

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To the Board of Directors and
Mr. Bobby C. Smith
The ASSIST Agency, Inc.

In planning and performing our audit of the financial statements of The ASSIST Agency, Inc. for the year ended December 31, 1999, we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control. However, during our audit, we became aware of certain matters involving internal control and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of internal control that, in our judgment, could adversely affect The ASSIST Agency Inc.'s ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

Fixed Assets – M1
Management of The ASSIST Agency, Inc. tracks assets by use of manual spreadsheets. During the course of our audit we obtained copies of these manual spreadsheets. We obtained one spreadsheet that was presented as being a complete listing and two subsidiary listings for assets purchased under certain federal programs. The date listed on the complete listing was 1997. The subsidiary ledgers, however, did contain assets purchased later than 1997. Our audit revealed assets purchased yet not contained on the spreadsheets maintained by the Agency. It is our opinion that a system should be implemented to ensure that all appropriate assets are included in listings in order to facilitate Management's control over such assets. Based on the information presented, it was determined that periodic comparisons of the listings to physical assets on hand were not done.

Annual Leave Accrual – M2
Management of The ASSIST Agency, Inc. tracks annual leave, comp time and sick time via use of manual spreadsheets. During the course of our audit differences were noted concerning annual leave as maintained in the Accounting Department as compared to annual leave as maintained by Human Resources. The differences were due to a policy implemented that mandates a reduction of annual leave not used. Although the net difference was considered immaterial for purposes of our audit, we feel that the differences should be reconciled. Additionally, it is our opinion that procedures be implemented for proper adherence to Agency policies as well as periodic comparisons between departmental records.

A material weakness is a reportable 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 errors or fraud 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 internal control would not necessarily disclose all matters in internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, none of the reportable conditions described above is believed 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.

DUNN, ROBERTS, AND COMPANY, LLC
LAKE CHARLES, LOUISIANA
June 20, 2000

Dunn, Roberts, and Company, LLC

ASSIST AGENCY

A Self Sufficiency Improvement Support Team
Voice (318) 783-7490 - FAX (318) 783-9353
1708 N. Parkerson Avenue - Crowley, LA 70527-1404 - Post Office Box 1404

CORRECTIVE ACTION PLAN

DECEMBER 31, 1999

The ASSIST Agency, Inc. respectfully submits the following corrective action plan for the year ended December 31, 1999.

Name and Address of independent certified public accounting firm:
DUNN, ROBERTS, AND COMPANY, LLC
600 Bayou Pines East, Suite G
Lake Charles, Louisiana 70601

Audit Period: January 1, 1999 through December 31, 1999

The findings from the Schedule of Findings and Questioned Costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule. Section A of the schedule, Summary of Audit Results, does not include findings and is not addressed.

B. FINDINGS – FINANCIAL STATEMENT AUDIT
REPORTABLE CONDITION

1. Cash Disbursements

   Recommendation: Procedures should be established to segregate accounting duties to ensure the appropriate safeguarding of assets.

   Action Taken: We will be implementing a procedure in reference to this finding by where the two accounting personnel will have separate duties as follows: Each accounting personnel will be responsible for separate aspects of each account. The accounting personnel assigned to issue checks after comparisons to approved invoices, purchase orders, etc. will not receive nor reconcile the account for which those cash disbursement duties have been performed. We are also considering the implementation of additional responsibilities for an administrative assistant by where the administrative assistant would have custody of the checks after signature in order to handle the mailing or other distribution of such checks. We are also considering the implementation of a procedure by which another party, such as the Treasurer of the Board of Directors reviews bank statement reconciliations and approves such reconciliations by evidence of initial and date.

C. FINDING – FEDERAL AWARD PROGRAMS AUDITS
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

1. Community Service Block Grant Program – CFDA 93.569 – Grant No. CFMS542811 – Grant Period: 01/01/99 through 12/31/99.

   LIHEAP Energy Assistance Grant Program – CFDA 93.568 – Grant No. CFMS528369 – Grant Period 01/01/99 through 12/31/99.

   REPORTABLE CONDITION: SEE B1

The following are management letter comments included in a separate letter to management dated June 20, 2000. The comments are labeled consistently with those in the referenced letter.

Fixed Assets - M1

Recommendation: A system should be implemented to ensure that all appropriate assets are included in listings in order to facilitate Management's control over such assets.

Action Taken: We plan to implement a procedure in order to ensure that listings are updated in a timely manner to include all appropriate asset purchases. We further plan to implement procedures for comparisons between asset listings and physical assets to ensure proper accountability. Documentation of comparisons will be evidenced by initials and dates and maintained. Discrepancies between listings and physical assets will be researched and resolved immediately.

Annual Leave Accrual – M2

Recommendation: Procedures should be implemented for proper adherence to Agency policies as well as periodic comparisons between departmental records.

Action Taken: We plan to ensure staff of the Accounting Department is trained on the approved company policy in reference to annual leave. Additionally, we plan to implement procedures for periodic comparisons between records maintained in Accounting and those maintained in Human Resources to ensure reconciliation between the two departments and proper adherence to company policy.

If there are any questions or if additional information is needed regarding this plan, please call Bobby C. Smith at (337) 783-7490.

Sincerely,

BOBBY C. SMITH,
Executive Director