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**Tri Communities Resources, Inc.
Lafayette, Louisiana**

Financial Report

June 30, 1996

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, 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 ~~FEB 26 1997~~

TLP

THELMA L. PHILLIPS

Certified Public Accountant
Lafayette, Louisiana

**Tri Communities Resources, Inc.
Lafayette, Louisiana**

Financial Report

June 30, 1996

**Tri Communities Resources, Inc.
Lafayette, LA**

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THELMA L. PHILLIPS

Certified Public Accountant

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Independent Accountant's Report

To The Board of Directors
Tri Communities Resources, Inc.
Lafayette, Louisiana

I have compiled the accompanying balance sheet of Tri Communities Resources, Inc. (a nonprofit organization) as of June 30, 1996, and the related statements of support, revenue and expenses and changes in fund balances and functional expenses for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. I have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

A handwritten signature in cursive script, appearing to read 'Thelma L. Phillips', written over a horizontal line.

Lafayette, Louisiana
December 27, 1996

Tri Communities Resources, Inc.
Lafayette, Louisiana

Balance Sheet
June 30, 1996

	<u>Current Fund</u>	<u>Plant Fund</u>	<u>Total All Funds</u>
ASSETS			
Cash	\$ 106,390	\$ -	\$ 106,390
Prepaid expenses	1,208	-	1,208
Furniture and equipment, at cost less accumulated depreciation of \$2,640	-	8,810	8,810
Total assets	<u>\$ 107,598</u>	<u>\$ 8,810</u>	<u>\$ 116,408</u>
 LIABILITIES AND FUND BALANCE			
Liabilities:			
Payroll taxes payable	\$ 7,370	\$ -	\$ 7,370
Accounts payable	-	-	-
Total liabilities	<u>7,370</u>	<u>-</u>	<u>7,370</u>
 Fund balances			
Reserved	100,228	-	100,228
Net investment in plant	-	8,810	8,810
Total fund balances	<u>100,228</u>	<u>8,810</u>	<u>109,038</u>
Total liabilities and fund balances	<u>\$ 107,598</u>	<u>\$ 8,810</u>	<u>\$ 116,408</u>

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

**Tri Communities Resources, Inc.
Lafayette, Louisiana**

**Statement of Support, Revenue and Expenses
and Changes in Fund Balances
Year Ended June 30, 1996**

	<u>Current Fund</u>	<u>Plant Fund</u>	<u>Total All Funds</u>
Public support:			
Grants	\$ 153,955	\$ -	\$ 153,955
Contributions	<u>3,757</u>	<u>-</u>	<u>3,757</u>
Total public support	<u>157,712</u>	<u>-</u>	<u>157,712</u>
Expenses			
Program services:			
Tutorial	51,692	-	51,692
Homemakers	2,295	431	2,726
Youth Outreach	3,512	-	3,512
Dependent Care	<u>1,225</u>	<u>1,301</u>	<u>2,526</u>
Total program services	<u>58,724</u>	<u>1,732</u>	<u>60,456</u>
Supporting services:			
Management and General	<u>66,691</u>	<u>23</u>	<u>66,714</u>
Total supporting services	<u>66,691</u>	<u>23</u>	<u>66,714</u>
Total expenses	<u>125,415</u>	<u>1,755</u>	<u>127,170</u>
Excess (deficiency) of support over expenses	<u>32,297</u>	<u>(1,755)</u>	<u>30,542</u>
Fund balances, beginning of year, as previously reported	46,721	7,775	54,496
Prior period adjustment (Note 6)	24,000	-	24,000
Fund balances, beginning of year, as restated	<u>70,721</u>	<u>7,775</u>	<u>78,496</u>
Other changes in fund balances			
Equipment acquisitions from current funds	(2,790)	2,790	-
Fund balances, end of year	<u>\$ 100,228</u>	<u>\$ 8,810</u>	<u>\$ 109,038</u>

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

Tri Communities Resources, Inc.
Lafayette, Louisiana

Statement of Functional Expenses
Year Ended June 30, 1996

	Program Services				Supporting Services	Total Expenses
	Tutorial	Homemakers	Dependent Care	Y. O. S.		
Salaries	\$	\$			\$	\$
Payroll taxes					35,401	35,401
Professional fees and contract services	48,633		1,225	1,160	16,787	67,805
Travel					140	140
Insurance					1,121	1,121
Rent	300				3,000	3,300
Office expense		128			876	1,004
Supplies	2,155	42		1,627	5,938	9,762
Conferences, conventions, meetings	604				827	2,156
Awards and grants						0
Utility assistance		1,325				1,325
Food assistance		125				125
Transportation assistance		500				500
Charitable donations		175				175
Total expenses before depreciation	51,692	2,295	1,225	3,512	66,691	125,415
Depreciation of furniture and equipment		431	1,301		23	1,755
Total Expenses	\$ 51,692	\$ 2,726	\$ 2,526	\$ 3,512	\$ 66,714	\$ 127,170

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

**Tri Communities Resources, Inc.
Lafayette, LA**

**Notes to Financial Statements
Year Ended June 30, 1996**

Note 1 - Summary of Significant Accounting Policies

The financial statements of Tri Communities Resources, Inc. (Organization) have been prepared on the accrual basis. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Nature of Activities

Tri Communities Resources, Inc. (a nonprofit corporation) was formed under laws of the State of Louisiana on July 11, 1994. The Organization's primary mission is to provide after-school tutorial services with specific emphasis on homework completion and review, and to elevate participants academic achievement in mathematics and language, and to provide a summer enrichment program for low and middle-income families of the community. Its purpose also includes provisions for safehaven, drug and nutritional counseling for community youth as well as homemaking assistance and related services that greatly enhance the lives of the elderly, disabled and chronically unemployed.

Fund Accounting

To ensure observance of limitations and restrictions placed on the use of resources available to the Organization, the accounts of the Organization are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purposes. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds that have similar characteristics have been recorded and reported by fund groups.

**Tri Communities Resources, Inc.
Lafayette, LA**

**Notes to Financial Statements
Year Ended June 30, 1996 (Continued)**

The assets, liabilities, and fund balances of the Organization are reported in two self-balancing fund groups as follows:

Current funds, which include unrestricted and restricted resources, represent the portion of expendable funds that is available for support of operations.

Plant funds represent resources restricted for plant acquisitions and funds expended for plant.

Donated Materials and Services

Donated materials and equipment are reflected as contributions at their estimated values at date of receipt. Estimated amounts of donated materials are immaterial in relation to total expenses. No amounts have been reflected in the statements for donated services inasmuch as no objective basis is available to measure the value of such services; however, a substantial number of volunteers have donated significant amounts of their time in the Organization's program services.

Plant Assets and Depreciation

Uses of current funds for plant acquisitions are accounted for as transfers to plant funds. Donated assets are capitalized at fair value at the date of donation. Depreciation of plant assets is provided over the estimated useful lives of the respective assets on a straight-line basis as follows:

Office furniture and equipment	5 years
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Tri Communities Resources, Inc.
Lafayette, LA

Notes to Financial Statements
Year Ended June 30, 1996 (Continued)

Note 5 - Income Tax Status

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and similar provisions of the State code. Therefore, no provision for income taxes has been made.

Note 6 - Prior Period Adjustments

An error resulting in an understatement of public support receivable at June 30, 1995 from the Department of Education - Governor's Office of Urban Affairs and Development was discovered during the current year. Accordingly, an adjustment of \$24,000 was made to increase the previously reported current fund balance as of the beginning of the year.

Note 7 - Contingencies

Payroll taxes in the amount of \$7,370 were accrued at June 30, 1996. This amount includes payroll taxes for the years 1994 through the second quarter of 1996. It is possible that the Internal Revenue Service could assess additional amounts in the form of penalties and interest. Since these amounts cannot be estimated at this time, no accrual was recorded in the Organization's financial statements at June 30, 1996.



THELMA L. PHILLIPS

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**Independent Accountant's Report
on Applying Agreed-Upon Procedures**

To the Board of Directors
Tri Communities Resources, Inc.
Lafayette, Louisiana

We have performed the procedures included in the Louisiana Government Audit Guide and enumerated below, which were agreed to by the management of Tri Communities Resources, Inc., and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about Tri Communities Resources, Inc., compliance with certain laws and regulations during the year ended June 30, 1996 included in the accompanying Louisiana Attestation Questionnaire. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Public Bid Law

1. Select all expenditures made during the year for material and supplies exceeding five thousand (\$5,000.00) dollars, or public works exceeding fifty thousand (\$50,000.00) dollars, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

No expenditures were made during the year for materials and supplies exceeding five thousand (\$5,000.00) dollars and no expenditures were made for public works exceeding fifty thousand (\$50,000.00) dollars.

Code of Ethics for Public Officials and Public Employees

2. Obtain from management a list of the immediate family members of each board member as defined by LSA-RS 42:1101-1124 (the code of ethics), and a list of outside business interests of all board members and employees, as well as their immediate families.

Management provided us with the required lists of information noted above.

3. Obtain from management a listing of all employees paid during the period under examination.

Management provided us with the required list.

4. Determine whether any of those employees included in the listing obtained from management in [agreed-upon procedure three (3)] were also included on the listing obtained from management in [agreed-upon procedure two (2)] as immediate family members.

Two of the employees included on the list of employees provided by management in [agreed-upon procedure three (3)] appeared on the list provided by management in [agreed-upon procedure two (2)]: Bettye Jackson, employed as a Tutorial Center Coordinator, is listed as the wife of James C. Jackson, Board Member, and Dorothy Henderson, Consultant, is the wife of Robert L. Henderson, Chairman of the Board.

Two board members were paid as independent contractors on the list provided by management in [agreed-upon procedure three (3)]: James C. Jackson, Board Member, was compensated for consulting services in the amount of \$300 and Matthew Richard, Board Treasurer, was compensated \$217 for contractual labor.

Budgeting

5. Obtain a copy of the legally adopted budget and all amendments.

Management provided us with a copy of the original budget for each grant. However, the budget that was provided for the Department of Education - Office of Urban Affairs and Development grant does not agree with the approved grant amount. The line items in this budget totaled \$178,000, whereas the amount of funding approved by the grantor was only \$153,000 for the fiscal period under examination. There was one line item amendment made during the year.

In addition, management did not provide us with a budget for the unexpended balance of funds as of June 30, 1995 which was previously awarded to the Organization by the Department of Education - Governor's Office of Urban Affairs and Development.

6. Trace the budget adoption and amendments to the minute book.

We traced the adoption of the original budgets and the line item amendment to the minutes of the meetings held

on August 22, 1995 and April 2, 1996 respectively. The governing board approved the budgets and the amendment unanimously.

7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues or expenditures exceed budgeted amounts by more than five percent (5%).

We were unable to compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues or expenditures for the year exceeded budgeted amounts by more than five percent (5%) for the line items. However, on an overall basis, the amounts expended in total did not exceed the amount of funding received by more than five percent (5%).

Accounting and Reporting

8. Randomly select six (6) disbursements made during the period under examination and:

a. trace payments to supporting documentation as to proper amount and payee;

Management did not provide us with supporting documentation for each of the selected disbursements as follows:

Check #	Amount
427	\$ 60.00
691	152.78
868	145.18

However, we examined supporting documentation for three of the six selected disbursements and found that payment was for the proper amount and made to the correct payee;

b. determine if payments were properly coded to the correct fund and general ledger account; and

Three of the selected payments that we were able to test were properly coded to the correct fund and general ledger account.

c. determine whether payments received approval from proper authorities.

Inspection of documentation supporting three of the six selected disbursements that we were able to test indicated approval from the Executive Director and the Chairman of the Board of Directors.

Meetings

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:1 through 42:12 (the open meetings law).

Tri Communities Resources, Inc., is only required to post a notice of each meeting and the accompanying agenda on the door of the Organization's office building. Although management has asserted that such documents were properly posted, we could find no evidence supporting such assertion other than a copy of the agendas.

Debt

10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds, or like indebtedness.

We inspected copies of all bank deposit slips for the period under examination and noted that no deposits appeared to be proceeds from bank loans, bonds, or like indebtedness.

Advances and Bonuses

11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees which may constitute bonuses, advances, or gifts.

A reading of the minutes of the Board for the year indicated no approval for the payments noted. We also inspected payroll records for the year and noted no instances which would indicate payments were made to employees which would constitute bonuses, advances, or gifts.

Test of the accounting records and discussion with management indicated there was no compensation or per diem paid to Board Members other than as previously reported in [agreed-upon procedure four (4)]. Therefore, a schedule of per diem paid to Board Members is not presented in this report.

Resolution of Prior Year Findings for Agreed-Upon Procedure(s)

Agreed-Upon Procedure #4: Determine whether any of those employees included in the listing obtained from management in [agreed-upon procedure three (3)] were also included on the listing obtained from management in [agreed-upon procedure (2)] as immediate family members.

Finding: Only one of the employees included on the list of employees provided by management in [agreed-upon procedure three(3)] appeared on the list provided by management in [agreed-upon procedure two (2)]: Bettye Jackson, employed as a Tutorial Center Coordinator, is listed as the wife of James C. Jackson, Board Member.

Resolution: Bettye Jackson, the wife of Board Member James C. Jackson, continues to be employed by the Organization as a Tutorial Center Coordinator.

Finding: Two board members were included as employees on the list of employees provided by management in [agreed-upon procedure three(3)]: Dorothy Castille, Member-at-Large, was employed as a Tutorial Center Coordinator and was paid \$996.00 for the 1994/1995 fiscal year; Milton Benoit, Vice-Chairman of the Board of Directors, provided contractual services to the Organization and received \$765.00 as compensation for his services.

Resolution: Dorothy Castille is no longer serving on the Board of Directors, but is currently serving as Assistant Executive Director. Milton Benoit, Board Chairman, did not perform any contractual services for the fiscal year ended June 30, 1996.

Resolution of Other Prior Year Findings and Comments

1. Material issue of noncompliance with statutory requirements:

Finding: Tri Communities Resources, Inc. did not comply with State law requiring that the compilation/attestation engagement be completed and a report issued within six (6) months of the close of the reporting period.

Resolution: The Organization's compilation/attestation report for fiscal year ended June 30, 1995 was submitted to the Legislative Auditor's Office on May 6, 1996.

2. Inadequate controls, accounting system and records:

Finding: A general ledger was not maintained throughout the year. Subsequent to the fiscal year end, an effort was made to compile financial statements.

Resolution: Management has established and maintained a general ledger subsequent to fiscal year ended June 30, 1995.

Finding: Due to the size of the staff, Tri Communities Resources, Inc. does not have adequate separation of duties and responsibilities over receipts and disbursements. Because of this limitation, the same employee has responsibility for receiving funds, depositing funds, approving disbursements, updating accounting records and reconciling bank statements.

Resolution: Due to the limited staff which made it difficult to adequately separate duties and responsibilities, the Board of Directors have taken an active role in the operations of the Organization.

3. Tax Filing and Reporting

Finding: Payroll taxes were not withheld from employee wages due to classification of all workers as independent contractors. This resulted in no payroll tax deposits being made, no payroll tax returns and W-2 forms being filed. Although workers were being treated and classified as independent contractors, no 1099 forms were filed for calendar years 1994 and 1995.

Resolution: Management has reevaluated the status of its workers and has reclassified workers accordingly as employees or independent contractors and have also filed appropriate tax and information returns in December 1996.

Finding: Form 1023, Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code has not been filed as of the date of this report. Therefore, Form 990 - Return of Organization Exempt from Income Taxes has not been filed for fiscal year ended June 30, 1995.

Resolution: Management filed the application for exemption within the automatic extension period. The application was approved October 15, 1996. Form 990 was filed in December 1996.

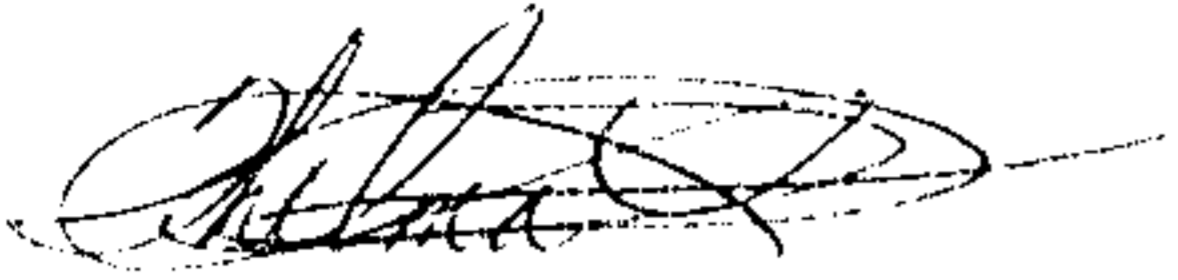
During the course of performing the compilation/attestation, we observed opportunities for improved internal, administrative and accounting controls as follows:

1. To properly classify and record revenue and expenditures, adequate documentation for all receipts and disbursements should be maintained.
2. Budgeted versus actual reports should be prepared on a timely basis to allow adequate monitoring of management objectives, the Organization's operating results, and compliance with the terms of significant agreements.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of Tri Communities Resources, Inc., and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to

the procedures and taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, appearing to be "J. H. ...", written in a cursive style.

Lafayette, Louisiana
December 27, 1996