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**ST. MARTIN, IBERIA, LAFAYETTE
COMMUNITY ACTION AGENCY, INC.**

**Financial Report
Year Ended May 31, 1999**

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 DEC 22 1999

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
St. Martin, Iberia, Lafayette
Community Action Agency, Inc.
Lafayette, Louisiana

We have audited the accompanying statement of financial position of St. Martin, Iberia, Lafayette Community Action Agency, Inc. (a nonprofit organization) as of May 31, 1999, and the related statements of activities, functional expenses and cash flows for the year then ended and the statement of net assets available for plan benefits of the St. Martin, Iberia, Lafayette Community Action Agency, Inc. Retirement Plan as of May 31, 1999 and 1998, and the related statements of changes in net assets available for plan benefits for the years then ended. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards; Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget 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 the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of St. Martin, Iberia, Lafayette Community Action Agency, Inc. as of May 31, 1999, and the changes in its net assets and its cash flows for the year then ended and the net assets available for plan benefits of the St. Martin, Iberia, Lafayette Community Action Agency, Inc. Retirement Plan as of May 31, 1999 and 1998 and the changes in net assets available for plan benefits for the years then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated August 25, 1999, on our consideration of St. Martin, Iberia, Lafayette Community Action Agency, Inc.'s internal control over financial reporting and our test of its compliance with certain provisions of laws, regulations, contracts, and grants.

Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The year 2000 supplementary information on page 22 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and do not express an opinion on it. In addition, we do not provide assurance that St. Martin, Iberia, Lafayette Community Action Agency, Inc. is or will become year 2000 compliant, that the Community Action Agency, Inc.'s year 2000 remediation efforts will be successful in whole or in part, or that parties with which the Community Action Agency, Inc. does business are or will become year 2000 compliant.

The other supplementary information (pp. 23-49) is presented for purposes of additional analysis. The schedule of expenditures of federal awards is also presented for purposes of additional analysis as required by the 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.

Kolder, Champagne, Slaven & Rainey, LLC
Certified Public Accountants

Breaux Bridge, Louisiana
August 25, 1999

ST. MARTIN, IBERIA, LAFAYETTE COMMUNITY ACTION AGENCY, INC.

Statement of Financial Position
May 31, 1999

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Equipment Fund</u>	<u>Totals (Memorandum Only)</u>	
				<u>1999</u>	<u>1998</u>
ASSETS					
Cash	\$ 27,996	\$ 375,528	\$ -	\$ 403,524	\$ 434,144
Receivables:					
Grant funds	-	423,994	-	423,994	308,686
Due from other funds	-	595,339	-	595,339	245,331
Other	-	-	-	-	1,312
Prepaid expenses	-	17,513	-	17,513	17,953
Inventory	-	16,048	-	16,048	5,949
Property and equipment	-	-	3,484,079	3,484,079	2,987,549
Accumulated depreciation	-	-	(1,557,525)	(1,557,525)	(1,337,535)
Total assets	<u>\$ 27,996</u>	<u>\$1,428,422</u>	<u>\$1,926,554</u>	<u>\$3,382,972</u>	<u>\$2,663,389</u>
LIABILITIES					
Accounts payable	\$ 1,394	\$ 238,155	\$ -	\$ 239,549	\$ 71,227
Retirement plan payable	-	90,943	-	90,943	84,142
Due to other funds	69,499	525,840	-	595,339	245,331
Unearned grants	-	105,180	-	105,180	207,250
Other liabilities	-	163,546	-	163,546	208,731
Total liabilities	<u>70,893</u>	<u>1,123,664</u>	<u>-</u>	<u>1,194,557</u>	<u>816,681</u>
NET ASSETS					
Investment in equipment	-	-	1,926,554	1,926,554	1,650,014
Unrestricted	(42,897)	-	-	(42,897)	30,374
Temporarily restricted	-	304,758	-	304,758	166,320
Total net assets (deficit)	<u>(42,897)</u>	<u>304,758</u>	<u>1,926,554</u>	<u>2,188,415</u>	<u>1,846,708</u>
Total liabilities and net assets	<u>\$ 27,996</u>	<u>\$1,428,422</u>	<u>\$1,926,554</u>	<u>\$3,382,972</u>	<u>\$2,663,389</u>

The accompanying notes are an integral part of this statement.

ST. MARTIN, IBERIA, LAFAYETTE COMMUNITY ACTION AGENCY, INC.
RETIREMENT PLAN

Statements of Net Assets Available for Plan Benefits
May 31, 1999 and 1998

	<u>1999</u>	<u>1998</u>
ASSETS		
Cash	\$ 102,389	\$ 19,100
Investments, at market value:		
Mutual funds	215,261	197,247
Growth stock funds	55,111	47,616
Foreign equity funds	47,678	47,704
Capital appreciation funds	<u>141,658</u>	<u>149,613</u>
Total investments	<u>459,708</u>	<u>442,180</u>
Receivables:		
Employer contribution receivable	90,943	84,142
Accrued interest receivable	<u>-</u>	<u>917</u>
Total receivables	<u>90,943</u>	<u>85,059</u>
Total assets	653,040	546,339
LIABILITIES		
	<u>-</u>	<u>-</u>
NET ASSETS AVAILABLE FOR PLAN BENEFITS	<u>\$ 653,040</u>	<u>\$ 546,339</u>

The accompanying notes are an integral part of this statement.

ST. MARTIN, IBERIA, LAFAYETTE COMMUNITY ACTION AGENCY, INC.

Statement of Activities
Year Ended May 31, 1999

	Unrestricted	Temporarily Restricted	Equipment Fund	Total
Public support:				
In-kind contributions	\$ -	\$1,340,609	\$ -	\$1,340,609
Donations	30,159	26,950	-	57,109
Total public support	30,159	1,367,559	-	1,397,718
Grants from governmental agencies	-	9,660,473	-	9,660,473
Other revenue:				
Miscellaneous	439	53,039	-	53,478
Total public support, grants from governmental agencies and other revenue	30,598	11,081,071	-	11,111,669
Expenses:				
Program services -				
Transportation	-	209,101	20,477	229,578
Summer enrichment	-	345,872	-	345,872
Project Independence Jobs	-	246,288	-	246,288
CSBG	-	565,630	19,930	585,560
Food Reimbursement	-	685,301	2,306	687,607
Shelter Fund	-	1,821	285	2,106
Olivier Street Project	-	-	4,205	4,205
Weatherization	-	169,793	150	169,943
HUD	-	6,249	530	6,779
Local Government Support	-	83,381	892	84,273
St. Martin Parish Emergency Assistance	-	24,738	-	24,738
Lafayette Community Action Council	-	-	-	-
Iberia Food & Medical	-	5,480	-	5,480
Homeless Family Shelter	-	-	-	-
Iberia Parish Special Trust	-	14,675	-	14,675
Lafayette Emergency Food & Shelter	-	-	-	-
Iberia Emergency Food & Shelter	-	32,599	-	32,599
Headstart	-	6,893,300	187,420	7,080,720
RSVP	-	56,099	528	56,627
Medicaid Enrollment	-	16,561	-	16,561
Cookbook Fund	1,218	-	-	1,218
Family Preservation	-	12,406	-	12,406
Home Energy Assistance	-	989,528	-	989,528
Needy Family Food Distribution	-	117,776	-	117,776
Early Childhood	-	3,102	-	3,102
Child Welfare Resource Center	-	33,443	186	33,629
Total program services	1,218	10,513,143	236,909	10,751,270

(continued)

ST. MARTIN, IBERIA, LAFAYETTE COMMUNITY ACTION AGENCY, INC.

Statement of Activities (Continued)

Year Ended May 31, 1999

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Equipment Fund</u>	<u>Total</u>
Supporting services -				
General	46,345	-	-	46,345
Administrative	-	447,818	-	447,818
Total expenses	<u>47,563</u>	<u>10,960,961</u>	<u>236,909</u>	<u>11,245,433</u>
Public support, grants from governmental agencies, and other revenue over (under) expenses	(16,965)	120,110	(236,909)	(133,764)
Other changes in net assets:				
Operating transfers in	79,749	209,942	-	289,691
Operating transfers out	(136,055)	(153,636)	-	(289,691)
Indirect cost transferred from programs	-	475,466	-	475,466
Addition to property and equipment	-	(513,449)	513,449	-
Net assets, beginning of year	<u>30,374</u>	<u>166,325</u>	<u>1,650,014</u>	<u>1,846,713</u>
Net assets (deficit), end of year	<u>\$ (42,897)</u>	<u>\$ 304,758</u>	<u>\$1,926,554</u>	<u>\$2,188,415</u>

The accompanying notes are an integral part of this statement.

ST. MARTIN, IBERIA, LAFAYETTE COMMUNITY ACTION AGENCY, INC.

Statement of Functional Expenses
Year Ended May 31, 1999

	Transportation		Summer		Project		Food		Shelter		Olivier	
		Enrichment	Independence	Jobs	CSBG	Reimbursement	Fund	Project		Fund	Street	Project
Salaries and wages	\$ 94,772	\$189,501	\$ 135,250	\$323,514	\$104,851	\$ -	\$ -	\$ -				
Fringe benefits	21,891	25,966	35,526	54,106	20,916	-	-	-				
Retirement plan	2,559	5,566	3,596	8,860	2,815	-	-	-				
Total salaries and related expenses	119,222	221,033	174,372	386,480	128,582	-	-	-				
Contract services	-	-	-	22,925	-	-	-	-				
Travel	559	20,447	1,065	4,879	609	-	-	-				
Consumable supplies	2,407	44,283	1,083	18,075	22,241	-	-	-				
Space costs	-	-	-	51,842	13,145	-	-	-				
Repairs and maintenance	16,912	5,972	-	10,255	6,412	642	-	-				
Operating services	45,235	14,174	47,622	37,410	496,833	-	-	-				
Other	9,819	8,522	4,173	33,764	1,034	1,179	-	-				
Indirect costs	14,947	31,441	17,973	-	16,445	-	-	-				
In-kind contributions	-	-	-	-	-	-	-	-				
Total expenses before depreciation	209,101	345,872	246,288	565,630	685,301	1,821	-	-				
Depreciation of equipment	20,477	-	-	19,930	2,306	285	4,205					
Total expenses	<u>\$229,578</u>	<u>\$345,872</u>	<u>\$246,288</u>	<u>\$585,560</u>	<u>\$687,607</u>	<u>\$2,106</u>	<u>\$ 4,205</u>					

(continued)

ST. MARTIN, IBERIA, LAFAYETTE COMMUNITY ACTION AGENCY, INC.

Statement of Functional Expenses (Continued)
Year Ended May 31, 1999

	Weatherization	HUD	Local			Lafayette		Iberia	
			Government Support (Matching Fund)	St. Martin Emergency Assistance	Community Action Council	Homeless Family Shelter	Food & Medical	Parish Special Trust	
Salaries and wages	\$ 29,188	\$ 1,207	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,449	
Fringe benefits	13,443	170	-	-	-	-	-	2,276	
Retirement plan	1,668	28	-	-	-	-	-	285	
Total salaries and related expenses	44,299	1,405	-	-	-	-	-	13,010	
Contract services	63,703	-	-	-	-	-	-	-	
Travel	1,335	2,798	-	-	-	-	-	-	
Consumable supplies	2,138	886	3,090	-	-	-	-	-	
Space costs	-	-	-	-	-	-	-	-	
Repairs and maintenance	-	-	79,304	-	-	-	-	-	
Operating services	57,382	-	987	24,049	-	-	5,480	-	
Other	936	1,160	-	350	-	-	-	-	
Indirect costs	-	-	-	339	-	-	-	1,665	
In-kind contributions	-	-	-	-	-	-	-	-	
Total expenses before depreciation	169,793	6,249	83,381	24,738	-	-	5,480	14,675	
Depreciation of equipment	150	530	892	-	-	-	-	-	
Total expenses	\$ 169,943	\$ 6,779	\$ 84,273	\$ 24,738	\$ -	\$ 5,480	\$ -	\$ 14,675	

(continued)

ST. MARTIN, IBERIA, LAFAYETTE COMMUNITY ACTION AGENCY, INC.

Statement of Functional Expenses (Continued)
Year Ended May 31, 1999

	Lafayette Emergency Food & Shelter	Iberia Emergency Food & Shelter	Headstart	RSVP	Medicaid Enrollment	Cookbook Fund	Family Preservation	Payroll
Salaries and wages	\$ -	\$ -	\$2,119,729	\$29,744	\$14,149	\$ -	\$ 7,287	\$ -
Fringe benefits	-	-	386,121	4,777	2,024	-	1,283	-
Retirement plan	-	-	57,291	817	388	-	202	-
Total salaries and related expenses	-	-	2,563,141	35,338	16,561	-	8,772	-
Contract services	-	-	2,148,260	-	-	-	300	-
Travel	-	-	51,792	3,738	-	-	186	-
Consumable supplies	-	-	63,052	4,303	-	-	1,593	-
Space costs	-	-	138,172	-	-	-	-	-
Repairs and maintenance	-	-	27,490	-	-	-	-	-
Operating services	-	32,599	15,325	-	-	-	-	-
Other	-	-	216,089	5,697	-	1,218	1,555	-
Indirect costs	-	-	329,510	4,731	-	-	-	-
In-kind contributions	-	-	1,340,469	2,292	-	-	-	-
Total expenses before depreciation	-	32,599	6,893,300	56,099	16,561	1,218	12,406	-
Depreciation of equipment	-	-	187,420	528	-	-	-	-
Total expenses	\$ -	\$32,599	\$7,080,720	\$56,627	\$16,561	\$1,218	\$12,406	\$ -

(continued)

ST. MARTIN, IBERIA. LAFAYETTE COMMUNITY ACTION AGENCY, INC.

Statement of Functional Expenses (Continued)
Year Ended May 31, 1999

	Accounts Payable	Home		Needy		Early Headstart	Child Welfare Resource Center		General	Indirect Cost Pool	Total
		Energy Assistance	Family Distribution	Family Food	Headstart		Welfare Resource Center	General			
Salaries and wages	\$ -	\$ 14,752	\$ 2,137	\$ 2,134	\$ 2,939	\$ -	\$ 249,800	\$ 3,331,403			
Fringe benefits	-	2,376	74	297	582	-	38,780	610,608			
Retirement plan	-	-	55	-	-	-	6,813	90,943			
Total salaries and related expenses	-	17,128	2,266	2,431	3,521	-	295,393	4,032,954			
Contract services	-	-	113	-	-	-	55,619	2,290,920			
Travel	-	-	384	336	1,237	-	11,794	101,159			
Consumable supplies	-	-	-	-	4,516	-	-	167,667			
Space costs	-	-	-	-	11,412	-	-	214,571			
Repairs and maintenance	-	-	-	-	12,532	-	2,842	162,361			
Operating services	-	915,398	112,402	-	-	-	81,243	1,886,139			
Other	-	112	1,646	-	-	-	927	334,526			
Indirect costs	-	56,890	965	335	225	-	-	475,466			
In-kind contributions	-	-	-	-	-	-	-	1,342,761			
Total expenses before depreciation	-	989,528	117,776	3,102	33,443	46,345	447,818	11,008,524			
Depreciation of equipment	-	-	-	-	186	-	-	236,909			
Total expenses	\$ -	\$989,528	\$117,776	\$3,102	\$33,629	\$46,345	\$447,818	\$11,245,433			

The accompanying notes are an integral part of this statement.

ST. MARTIN, IBERIA, LAFAYETTE COMMUNITY ACTION AGENCY, INC.
RETIREMENT PLAN

Statements of Changes in Net Assets Available for Plan Benefits
Years Ended May 31, 1999 and 1998

	<u>1999</u>	<u>1998</u>
Additions to net assets attributed to:		
Contributions - Employer	\$ 90,943	\$ 85,059
Interest and dividends earned	42,593	28,623
Gain on sales of assets	1,431	-
Increase in fair value of assets	8,681	34,656
Total additions	143,648	148,338
Deductions from net assets attributed to:		
Administrative expenses	(4,084)	-
Benefits paid to participants	<u>(32,863)</u>	<u>(21,139)</u>
Total deductions	<u>(36,947)</u>	<u>(21,139)</u>
Net increase	106,701	127,199
Net assets available for plan benefits, beginning of year	<u>546,339</u>	<u>419,140</u>
Net assets available for plan benefits, end of year	<u><u>\$653,040</u></u>	<u><u>\$546,339</u></u>

The accompanying notes are an integral part of this statement.

ST. MARTIN, IBERIA, LAFAYETTE COMMUNITY ACTION AGENCY, INC.

Statements of Cash Flows
Year Ended May 31, 1999

Cash flows from operating activities:	
Change in net assets	<u>\$ 341,707</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	236,909
Increase in grant receivables	(115,308)
Decrease in other receivables	1,312
Decrease in prepaid expenses	437
Increase in inventory	(10,099)
Increase in accounts payable	168,322
Increase in retirement plan payable	6,801
Decrease in unearned grants	(102,070)
Decrease in other liabilities	<u>(28,681)</u>
Total adjustments	<u>157,623</u>
Net cash provided by operating activities	499,330
Cash flows from investing activities:	
Payments for property and equipment	(513,449)
Cash flows from financing activities:	
Payments of van notes	<u>(16,501)</u>
Net decrease in cash and cash equivalents	(30,620)
Beginning cash and cash equivalents	<u>434,144</u>
Ending cash and cash equivalents	<u><u>\$ 403,524</u></u>

The accompanying notes are an integral part of this statement.

ST. MARTIN, IBERIA, LAFAYETTE COMMUNITY ACTION AGENCY, INC.

Notes to Financial Statements

(1) Summary of Significant Accounting Policies

A. Nature of Activities

The St. Martin, Iberia, Lafayette Community Action Agency, Inc. (SMILE) was created under the Economic Opportunity Act of 1964, as amended, to serve as the antipoverty agency, providing human services for the indigent and disadvantaged through research, planning, development, financing, implementation and evaluation of programs, either directly or through coordinating with other agencies, to attain social and economic independence for the benefit of all present and future generations of disadvantaged people in the Tri-Parish area. St. Martin, Iberia, Lafayette Community Action Agency, Inc. is comprised of eighteen board members, who are equal in numbers from the Community Action Councils of the St. Martin, Iberia, and Lafayette Parishes of Louisiana.

B. Financial Statement

The Agency has adopted the provisions of Statements 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 this new statement, the Agency has discontinued its use of fund accounting and has, accordingly, reclassified its financial statements to present the three classes of net assets required. This reclassification had no effect on the change in net assets for the fiscal year ended May 31, 1999 or 1998.

C. Basis of Accounting

The Agency has adopted the provisions of Statements of Financial Accounting Standards (SFAS) No. 116, "Accounting for Contributions Received and Contributions Made". As such, contributions are recognized as revenue when they are received or unconditionally pledged. Contributions are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions. Those donor restricted contributions whose restrictions, however, are met in the same reporting period are reported as unrestricted support.

The Agency reports gifts of buildings and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how these long-lived assets must be maintained, the Agency reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

ST. MARTIN, IBERIA, LAFAYETTE COMMUNITY ACTION AGENCY, INC.

Notes to Financial Statements (Continued)

D. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Agency considers all highly liquid investments available for current use to be cash equivalents.

E. Functional Expenses

Expenses are charged to each program based on direct expenditures incurred.

F. Compensated Absences

Compensation is paid to employees absent from work due to illness or vacation. No liability is accrued in these financial statements because the accumulated amount of accrued compensated absences is immaterial at year end.

G. Income Tax Status

The Agency qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, therefore, has no provision for federal income taxes.

H. 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.

I. Total Columns

Total columns are presented to facilitate financial analysis. Data in these columns do not present financial position, changes in net assets and cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

(2) Cash

At May 31, 1999, SMILE had cash (book balances) totaling \$403,524. These deposits are stated at cost which approximates market. These deposits (bank balances) totaled \$764,571, and are fully insured by FDIC insurance and securities pledged at May 31, 1999.

(3) Inventory

Inventory consists of commodities valued at cost determined by the U. S. Department of Agriculture.

ST. MARTIN, IBERIA, LAFAYETTE COMMUNITY ACTION AGENCY, INC.

Notes to Financial Statements (Continued)

(2) Due To/From Other Funds

Individual balances due to/from other funds at May 31, 1999 are as follows:

	<u>Due from other funds</u>	<u>Due to other funds</u>
Transportation	\$47,088	\$46,425
Summer Enrichment	87,488	26,239
Early Headstart	-	2,766
Child Welfare Resource Center	3,805	17,243
Project Independence	88,925	38,773
CSBG	-	70,578
Food Reimbursement	18,793	91,268
Olivier Street Project	-	10
Weatherization	2,937	44,861
HUD	14,200	5,786
Local Government Support	48,784	33,385
Home Energy Assistance	42,274	-
St. Martin Parish Emergency Food Shelter	-	335
Iberia Food and Medical	583	616
Homeless Family Shelter	1,868	-
Iberia Parish Special Trust	4,466	3,846
Lafayette Emergency Food Shelter	26	-
Headstart	54,302	53,253
RSVP	3,870	10,944
Medicaid Enrollment	3,521	1,046
Family Preservation	6,641	11,123
Payroll Fund	58,447	-
Accounts Payable	10,037	27,172
Needy Family Food Distribution	-	2,908
General	-	69,499
Indirect Cost Pool	<u>97,284</u>	<u>37,263</u>
	<u>\$595,339</u>	<u>\$595,339</u>

Of the amounts recorded as due to/from other funds, \$58,447 relates to accrued payroll and \$25,753 relates to indirect costs payable.

(3) Commitments and Contingencies

A. Contingent Liabilities

At May 31, 1998, the St. Martin, Iberia, Lafayette Community Action Agency, Inc. was involved in several lawsuits. In the opinion of legal counsel for SMILE, Inc., resolution of these lawsuits will not involve any material liability to SMILE, Inc.

ST. MARTIN, IBERIA, LAFAYETTE COMMUNITY ACTION AGENCY, INC.

Notes to Financial Statements (Continued)

B. Grant audits

SMILE, Inc. receives revenues from various Federal and State grant programs which are subject to final review and approval as to allowability of expenditures by the respective grantor agencies. Any settlements or expenses arising out of a final review are recognized in the period in which agreed upon by the agency and SMILE, Inc. Also, it is management's opinion that any audits by the grantor agencies would not produce disallowed program costs and liabilities to such an extent that they would materially affect SMILE, Inc.'s financial position.

(4) Retirement Plan

The Agency has a retirement plan that covers all employees meeting specific age and length of service requirements. The Agency will contribute to the plan the amount determined by the Agency at its discretion. The Agency may choose not to contribute to the plan for a particular plan year. The plan does not permit nor require employees to make contributions to the trust fund. Agency contributions for the year ending May 31, 1999, was \$90,943.

(5) Economic Dependency

The Agency receives the majority of its revenue from funds provided through grants administered by the U.S. Department of Health and Human Services. The grant amounts are appropriated each year by the federal and state governments. If significant budget cuts are made at the federal and/or state level, the amount of the funds the Agency receives could be reduced significantly and have an adverse impact on its operations. Management is not aware of any actions that will adversely affect the amount of funds the Agency will receive in the next fiscal year.

(6) In-Kind Contributions

The Agency is allowed free use of certain facilities by landlords and is donated services by individuals. In-kind contributions are valued at the fair market value of the rent or services donated on the date of donation.

ST. MARTIN, IBERIA, LAFAYETTE COMMUNITY ACTION AGENCY, INC.

Notes to Financial Statements (Continued)

(7) Property, Equipment and Depreciation

Depreciation of property and equipment is calculated on the straight line basis over the estimated useful lives of the assets. The Agency follows the capitalization policy of its cognizant agency by capitalizing all equipment costing \$250 or more. The cost of such assets at May 31, 1999, is as follows:

Furniture, fixtures and equipment	\$ 669,996
Automobiles	845,097
Buildings and improvements	<u>1,968,986</u>
	3,484,079
Less: Accumulated depreciation	<u>(1,557,525)</u>
	<u>\$1,926,554</u>

(8) Notes Payable

In April, 1996, the Agency entered into an agreement with Ford Motor Credit to purchase three (3) vehicles. The original amount of the loans was \$62,416 bearing interest at 10.9 percent, monthly payments of \$1,610 for 48 months. The notes payable balance is included in other liabilities on the Statement of Financial Position.

Following is the maturity of the loan for next year:

2000	\$16,783
	<u>=====</u>

The total amount of interest charged to expense at May 31, 1999 is \$2,820. It is the Agency's intent to use local funds to retire this debt.

(9) Retirement Plan

A. Description of Plan

The following description of the St. Martin, Iberia, Lafayette Community Action Agency, Inc. (Company) Retirement Plan (Plan) provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

The Plan is a defined contribution plan covering all full time employees of the Company who have six months of service and are age 18. It is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

ST. MARTIN, IBERIA, LAFAYETTE COMMUNITY ACTION AGENCY, INC.

Notes to Financial Statements (Continued)

The Company may make a contribution to the Plan each year in an amount determined by the Company, not to exceed 15 percent of the total compensation of the participating employees during the plan year. The Company reserves the right to temporarily discontinue contributions.

Each participant's account is credited (charged) annually with his/her allocation of (a) the Company's contribution, (b) Plan earnings (losses), and (c) forfeitures of terminated participant's nonvested account balances. The benefit to which a participant is entitled is the benefit which can be provided from that participant's account.

Vesting in the employer contributions and earnings thereon is based on years of service. A participant will become fully vested after five years of service. Upon termination of service, a participant may elect to receive in either a lump sum amount equal to the value of that participant's account or in the form of an annuity.

B. Summary of Accounting Policies

Quoted market prices are used to value investments. The Employer's Contribution Receivable is determined by computing three percent of each eligible employee's compensation less any contributions already made to the Trust by the Company during the year.

C. Investments

The Plan's investments are held by a bank-administered fund. The following table presents the fair values of investments. All investments individually represent more than 5% of the Plan's net assets.

	<u>1999</u>	<u>1998</u>
Investment at fair value as determined by quoted market price		
Mutual funds	\$215,261	\$197,247
Growth stock funds	55,111	47,616
Foreign equity funds	47,678	47,704
Capital appreciation funds	<u>141,658</u>	<u>149,613</u>
 Total investments at fair value	 <u>\$459,708</u>	 <u>\$442,180</u>

ST. MARTIN, IBERIA, LAFAYETTE COMMUNITY ACTION AGENCY, INC.

Notes to Financial Statements (Continued)

During the fiscal years ended May 31, 1999 and 1998, the Plan's investments (including investments bought, sold, and held during the year) appreciated in value by \$8,681 and \$34,656, respectively, as follows:

	Net Change in Fair Value	
	<u>1999</u>	<u>1998</u>
Mutual funds	\$(4,763)	\$ 4,786
Growth stock funds	7,495	6,889
Foreign equity funds	(26)	2,735
Capital appreciation funds	<u>5,975</u>	<u>20,246</u>
Net change in fair value	<u>\$ 8,681</u>	<u>\$34,656</u>

D. Plan Termination

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time, and to terminate the Plan subject to the provisions of ERISA. In the event of plan termination, participants will become 100 percent vested in their accounts.

E. Tax Status

The Internal Revenue Service has determined and informed the Company by a letter, dated October 15, 1992, that the Plan is qualified and the trust established under the plan is tax exempt, under the appropriate sections of the Code. The plan has been amended since receiving the determination letter. However, the Plan administrator and the Plan's tax counsel believe that the Plan is currently designed and being operated in compliance with the applicable requirements of the Code.

(10) Individual Program Deficits

The following programs had deficit net assets at May 31, 1999:

Weatherization	\$ 9,320
General	44,157

The deficits are expected to be funded by future program revenues and/or local support monies.

ST. MARTIN, IBERIA, LAFAYETTE COMMUNITY ACTION AGENCY, INC.

Notes to Financial Statements (Continued)

(11) Operating Leases

The Agency is obligated under certain leases accounted for as operating leases. Operating leases do not give rise to property rights or lease obligations, therefore the results of these agreements are not reflected in the agency's Equipment Fund.

The following is a schedule, by years, of future minimum rental payments required under operating leases that have initial or remaining noncancelable lease terms in excess of one year as of May 31, 1999:

<u>Year Ending May 31</u>	<u>Amounts</u>
2000	\$26,294
2001	27,494
2002	<u>21,498</u>
Total minimum payments required	<u>\$75,286</u> =====

SUPPLEMENTAL INFORMATION

ST. MARTIN, IBERIA, LAFAYETTE COMMUNITY ACTION AGENCY, INC.

Year 2000 Issue
Year Ended May 31, 1999

Impact of Year 2000 on Computer Programs (Unaudited)

The Year 2000 issue is the result of computer programs being written using two digits rather than four to define the applicable year. Any of the Community Action Agency, Inc.'s computer programs that have time sensitive software may recognize a date using "00" as the year 1900 rather than the year 2000. This could result in a system failure or miscalculations causing disruptions of operations, including among other things, a temporary inability to process transactions or engage in similar normal business activities.

The Community Action Agency, Inc. has completed an inventory of computer systems and other electronic equipment that may be affected by the year 2000 issue and that are necessary to conducting Community Action Agency, Inc. operations and have identified such systems as being financial reporting and payroll.

- The financial reporting and payroll systems have been assessed, remediated, and tested and validated.

Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the Community Action Agency, Inc. is or will be Year 2000 ready, that the Community Action Agency, Inc.'s remediation efforts will be successful in whole or in part, or that parties with whom the Community Action Agency, Inc. does business will be year 2000 ready. The Community Action Agency, Inc. is utilizing external resources to identify and test the systems for Year 2000 compliance.

SCHEDULES OF INDIVIDUAL FUNDS

DIRECT FEDERAL PROGRAMS

Department of Health and Human Services

Head Start Program - The Head Start Program provides comprehensive early child development for disadvantaged pre-school children and their families. As part of this program, the grantee also operates a food program for qualifying students on a cost reimbursement basis through the United States Department of Agriculture. The grantee has contracted with the Lafayette Parish School Board to act as its delegate agency in Lafayette Parish.

Training and Technical Assistance Programs - This special grant provides for the training and certification of Head Start Program instructors.

Handicapped Program - This grant extends the Head Start Program to include handicapped children.

Medicaid Enrollment - This grant allows SMILE to offer outreach medicaid eligibility services to specific groups of individuals by assisting potential medicaid eligibles to complete an initial application for health care coverage and in some instances by assisting medicaid beneficiaries with the recertification process.

The Corporation for National Service

Retired Senior Volunteer Program (RSVP) - The purpose of this grant is to involve senior citizens in community participation projects.

Department of Housing and Urban Development

HUD Housing Counseling Program - The purpose of this grant is to provide comprehensive housing counseling to assist in improving the individual's housing conditions.

INDIRECT FEDERAL PROGRAMS

The Agency receives federal funds as the subgrantee of various departments of the State of Louisiana. The various state departments have the ultimate responsibility of reporting to the federal grantors.

Project Independence Jobs - Provides transportation for participants and their designated children.

Department of Labor - The Community Services Block Grant Program (CSBG) provides various direct program services to the needy and defrays a portion of the Agency's administrative costs.

Department of Agriculture - The Needy Family Food Distribution Program provides USDA-donated food commodities to needy households in the Tri-Parish area.

Department of Social Services - Weatherization Assistance Program grants and Low Income Home Energy Assistance Program (LIHEAP) grants provide services to assist needy individuals in home insulation.

Department of Social Services - Low Income Home Energy Assistance Program - This program provides direct payments to home energy suppliers on behalf of eligible households.

Department of Social Services - Child Welfare Resource Center - This program will establish a center to ensure the safety, well being and permanency of families who are at risk of dissolution as a result of child abuse and/or neglect.

Department of Education - The Child Care Feeding Program provides balanced meals to qualified children and adults in the Tri-Parish area Child Development Programs.

Emergency Food and Shelter National Board Program - This grant provides emergency food and shelter assistance to qualified individuals in the parishes of St. Martin, Iberia and Lafayette.

Department of Housing and Urban Development - The Community Development Block Grant Program (CDBG) is to provide funds to renovate homeless shelters and provide emergency shelter for homeless persons. These funds were obtained by a grant agreement with the Lafayette Consolidated Government.

STATE PROGRAMS

Louisiana Housing Finance Agency - The Community Housing Development Organization Program provides funds for operational expenses and expenses for training and technical, legal, engineering and other assistance necessary to identify potential sites for housing projects.

LOCAL PROGRAMS

The Agency receives grants from local governmental bodies and non-profit organizations.

Lafayette Community Action Council - Funded by United Way of Acadiana and other local grants and contributions, this program provides energy, rent, medical and food assistance on a one time basis to qualified individuals in Lafayette parish.

Iberia Food and Medical - Funded by United Way of Iberia and other local grants and contributions, this grant provides medical and food assistance on a one time basis to qualified individuals in Iberia Parish.

Iberia Parish Special Trust - This is a special grant from the Iberia Parish Council in support of the U.S.D.A. Commodity Distribution Program for Iberia Parish.

St. Martin Parish Emergency Assistance - Funded by local contributions, this program provides emergency energy, rent and medical assistance to the qualified elderly of St. Martin Parish.

Local Government Support (Matching Fund) - Programs that provide supplementary assistance for established programs or matching requirements for established programs.

ST. MARTIN, IBERIA, LAFAYETTE COMMUNITY ACTION AGENCY, INC.

Combining Statement of Financial Position - Current Funds
May 31, 1999

	Transportation	Summer Enrichment	Project Independence Jobs	CSBG	Early Childhood	Food Reimbursement
ASSETS						
Cash	\$21,862	\$ 79	\$ 10,400	\$ 8,767	\$ -	\$ 37,592
Receivables:						
Grant funds	11,193	-	15,485	74,782	3,102	93,574
Due from other funds	47,088	87,488	88,925	-	-	18,793
Other	-	-	-	-	-	-
Prepaid expenses	899	-	1,432	699	-	782
Inventory	-	-	-	-	-	-
Total assets	<u>\$81,042</u>	<u>\$ 87,567</u>	<u>\$116,242</u>	<u>\$84,248</u>	<u>\$ 3,102</u>	<u>\$150,741</u>
LIABILITIES						
Accounts payable	\$14,978	\$ 4,783	\$ 3,574	\$ 9,763	\$ 336	\$ 15,339
Retirement plan payable	2,856	6,211	4,142	3,907	-	3,142
Due to other funds	46,425	26,239	38,773	70,578	2,766	91,268
Unearned grants	-	-	26,104	-	-	-
Other liabilities	16,783	-	-	-	-	40,992
Total liabilities	<u>81,042</u>	<u>37,233</u>	<u>72,593</u>	<u>84,248</u>	<u>3,102</u>	<u>150,741</u>
NET ASSETS						
Unrestricted	-	-	-	-	-	-
Temporarily restricted	-	50,334	43,649	-	-	-
Total net assets (deficit)	<u>-</u>	<u>50,334</u>	<u>43,649</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and net assets	<u>\$81,042</u>	<u>\$ 87,567</u>	<u>\$116,242</u>	<u>\$84,248</u>	<u>\$ 3,102</u>	<u>\$150,741</u>

(continued)

ST. MARTIN, IBERIA, LAFAYETTE COMMUNITY ACTION AGENCY, INC.

Combining Statement of Financial Position - Current Funds (Continued)

May 31, 1999

	Shelter Fund	Olivier Street Project	Weatherization	HUD	Local Government Support (Matching Fund)	St. Martin Parish Emergency Assistance
ASSETS						
Cash	\$ 834	\$ 10	\$14,130	\$15,624	\$ 67,837	\$27,292
Receivables:						
Grant funds	-	-	21,391	7,500	-	-
Due from other funds	-	-	2,937	14,200	48,784	-
Other	-	-	-	-	-	-
Prepaid expenses	-	-	201	-	158	-
Inventory	-	-	-	-	-	-
Total assets	<u>\$ 834</u>	<u>\$ 10</u>	<u>\$38,659</u>	<u>\$37,324</u>	<u>\$116,779</u>	<u>\$27,292</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ 2,234	\$ 107	\$ 3,640	\$ -
Retirement plan payable	-	-	-	-	-	-
Due to other funds	-	10	44,861	5,786	33,385	335
Unearned grants	-	-	884	-	-	26,957
Other liabilities	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>10</u>	<u>47,979</u>	<u>5,893</u>	<u>37,025</u>	<u>27,292</u>
NET ASSETS						
Unrestricted	-	-	-	-	-	-
Temporarily restricted	834	-	(9,320)	31,431	79,754	-
Total net assets (deficit)	<u>834</u>	<u>-</u>	<u>(9,320)</u>	<u>31,431</u>	<u>79,754</u>	<u>-</u>
Total liabilities and net assets	<u>\$ 834</u>	<u>\$ 10</u>	<u>\$38,659</u>	<u>\$37,324</u>	<u>\$116,779</u>	<u>\$27,292</u>

(continued)

ST. MARTIN, IBERIA, LAFAYETTE COMMUNITY ACTION AGENCY, INC.

Combining Statement of Financial Position - Current Funds (Continued)
May 31, 1999

	Lafayette Community Action Council	Iberia Food & Medical	Homeless Family Shelter	Iberia Parish Special Trust	Lafayette Emergency Food & Shelter	Iberia Emergenc Food & Shelter
ASSETS						
Cash	\$ 5	\$3,281	\$ 1,421	\$ 170	\$ 5,000	\$ 66
Receivables:						
Grant funds	-	-	-	-	-	-
Due from other funds	-	583	1,868	4,466	26	-
Other	-	-	-	-	-	-
Prepaid expenses	-	-	15	7	-	-
Inventory	-	-	-	-	-	-
Total assets	<u>\$ 5</u>	<u>\$3,864</u>	<u>\$ 3,304</u>	<u>\$ 4,643</u>	<u>\$ 5,026</u>	<u>\$ 66</u>
LIABILITIES						
Accounts payable	\$ -	\$ 969	\$ -	\$ 479	\$ -	\$ -
Retirement plan payable	-	-	-	318	-	-
Due to other funds	-	616	-	3,846	-	-
Unearned grants	-	-	-	-	5,026	-
Other liabilities	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>1,585</u>	<u>-</u>	<u>4,643</u>	<u>5,026</u>	<u>-</u>
NET ASSETS						
Unrestricted	-	-	-	-	-	-
Temporarily restricted	5	2,279	3,304	-	-	66
Total net assets (deficit)	<u>5</u>	<u>2,279</u>	<u>3,304</u>	<u>-</u>	<u>-</u>	<u>66</u>
Total liabilities and net assets	<u>\$ 5</u>	<u>\$3,864</u>	<u>\$ 3,304</u>	<u>\$ 4,643</u>	<u>\$ 5,026</u>	<u>\$ 66</u>

(continued)

ST. MARTIN, IBERIA, LAFAYETTE COMMUNITY ACTION AGENCY, INC.

Combining Statement of Financial Position - Current Funds (Continued)
May 31, 1999

	<u>Headstart</u>	<u>RSVP</u>	<u>Medicaid Enrollment</u>	<u>Cookbook Fund</u>	<u>Family Preservation</u>	<u>Payroll</u>
ASSETS						
Cash	\$ 43,163	\$ 20,846	\$ 3,116	\$ 1,260	\$ 7,402	\$ 54,194
Receivables:						
Grant funds	149,710	10,321	5,936	-	2,037	-
Due from other funds	54,302	3,870	3,521	-	6,641	58,447
Other	-	-	-	-	-	-
Prepaid expenses	11,003	48	-	-	-	-
Inventory	-	-	-	-	-	-
Total assets	<u>\$258,178</u>	<u>\$ 35,085</u>	<u>\$12,573</u>	<u>\$ 1,260</u>	<u>\$16,080</u>	<u>\$112,641</u>
LIABILITIES						
Accounts payable	\$143,625	\$ 5,842	\$ 147	\$ -	\$ 183	\$ 6,870
Retirement plan payable	61,300	912	432	-	224	-
Due to other funds	53,253	10,944	1,046	-	11,123	-
Unearned grants	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	105,771
Total liabilities	<u>258,178</u>	<u>17,698</u>	<u>1,625</u>	<u>-</u>	<u>11,530</u>	<u>112,641</u>
NET ASSETS						
Unrestricted	-	-	-	1,260	-	-
Temporarily restricted	-	17,387	10,948	-	4,550	-
Total net assets (deficit)	<u>-</u>	<u>17,387</u>	<u>10,948</u>	<u>1,260</u>	<u>4,550</u>	<u>-</u>
Total liabilities and net assets	<u>\$258,178</u>	<u>\$ 35,085</u>	<u>\$12,573</u>	<u>\$ 1,260</u>	<u>\$16,080</u>	<u>\$112,641</u>

(continued)

ST. MARTIN, IBERIA, LAFAYETTE COMMUNITY ACTION AGENCY, INC.

Combining Statement of Financial Position - Current Funds (Continued)
May 31, 1999

	Child Welfare Resource Center	Accounts Payable	Home Energy Assistance	Needy Family Food Distribution	General	Indirect Cost Pool	Total
ASSETS							
Cash	\$ -	\$17,378	\$ 3,859	\$ 8,485	\$ 26,736	\$ 2,715	\$ 403,524
Receivables:							
Grant funds	23,928	-	-	-	-	5,035	423,994
Due from other funds	3,805	10,037	42,274	-	-	97,284	595,339
Other	-	-	-	-	-	-	-
Prepaid expenses	-	-	-	-	-	2,269	17,513
Inventory	-	-	-	16,048	-	-	16,048
Total assets	<u>\$27,733</u>	<u>\$27,415</u>	<u>\$46,133</u>	<u>\$24,533</u>	<u>\$ 26,736</u>	<u>\$107,303</u>	<u>\$1,456,418</u>
LIABILITIES							
Accounts payable	\$10,490	\$ 243	\$ 64	\$ 1,977	\$ 1,394	\$ 12,512	\$ 239,549
Retirement plan payable	-	-	-	61	-	7,438	90,943
Due to other funds	17,243	27,172	-	2,908	69,499	37,263	595,339
Unearned grants	-	-	32,413	13,796	-	-	105,180
Other liabilities	-	-	-	-	-	-	163,546
Total liabilities	<u>27,733</u>	<u>27,415</u>	<u>32,477</u>	<u>18,742</u>	<u>70,893</u>	<u>57,213</u>	<u>1,194,557</u>
NET ASSETS							
Unrestricted	-	-	-	-	(44,157)	-	(42,897)
Temporarily restricted	-	-	13,656	5,791	-	50,090	304,758
Total net assets (deficit)	<u>-</u>	<u>-</u>	<u>13,656</u>	<u>5,791</u>	<u>(44,157)</u>	<u>50,090</u>	<u>261,861</u>
Total liabilities and net assets	<u>\$27,733</u>	<u>\$27,415</u>	<u>\$46,133</u>	<u>\$24,533</u>	<u>\$ 26,736</u>	<u>\$107,303</u>	<u>\$1,456,418</u>

ST. MARTIN, IBERIA, LAFAYETTE COMMUNITY ACTION AGENCY, INC.

Combining Statement of Activities - Current Funds
Year Ended May 31, 1999

	Transportation	Summer Enrichment	Project Independence Jobs	CSBG	Early Childhood	Food Reimbursement
Public support:						
In-kind contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Donations	26,675	-	-	-	-	-
Total public support	26,675	-	-	-	-	-
Grants from governmental agencies	110,419	378,497	262,197	645,388	3,102	704,127
Other revenue:						
Miscellaneous	42,409	-	-	100	-	4,035
Total public support, grants from governmental agencies and other revenue	179,503	378,497	262,197	645,488	3,102,000	708,162
Expenses:						
Direct costs -						
Salaries and wages	94,772	189,501	135,250	323,514	2,134	104,851
Fringe benefits	21,891	25,966	35,526	54,106	297	20,916
Retirement plan	2,559	5,566	3,596	8,860	-	2,815
Contract services	-	-	-	22,925	-	-
Travel	559	20,447	1,065	4,879	336	609
Consumable supplies	2,407	44,283	1,083	18,075	-	22,241
Space costs	-	-	-	51,842	-	13,145
Repairs and maintenance	16,912	5,972	-	10,255	-	6,412
Operating services	45,235	14,174	47,622	37,410	-	496,833
Other	9,819	8,522	4,173	33,764	-	1,034
Indirect costs	14,947	31,441	17,973	-	335	16,445
In-kind contributions	-	-	-	-	-	-
Total expenses	209,101	345,872	246,288	565,630	3,102	685,301
Public support, grants from governmental agencies and other revenue over (under) expenses	(29,598)	32,625	15,909	79,858	-	22,861
Other changes in net assets:						
Operating transfers in	72,293	-	32,080	-	-	-
Operating transfers out	(17,980)	-	(5,000)	-	-	(22,861)
Indirect cost transferred from programs	-	-	-	-	-	-
Addition to property and equipment	(33,344)	-	-	(42,386)	-	-
Net assets (deficit), beginning of year	8,629	17,709	660	(37,472)	-	-
Net assets (deficit), end of year	\$ -	\$ 50,334	\$ 43,649	\$ -	\$ -	\$ -

(continued)

ST. MARTIN, IBERIA, LAFAYETTE COMMUNITY ACTION AGENCY, INC.

Combining Statement of Activities - Current Funds (Continued)
Year Ended May 31, 1999

	Shelter Fund	Olivier Street Project	Weatherization	HUD	Local Government Support (Matching Fund)	St. Martin Parish Emergency Assistance
Public support:						
In-kind contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Donations	-	-	-	-	-	-
Total public support	-	-	-	-	-	-
Grants from governmental agencies	-	-	156,429	15,000	165,330	24,738
Other revenue:						
Miscellaneous	<u>2,772</u>	-	-	-	<u>10</u>	-
Total public support, grants from governmental agencies and other revenue	<u>2,772</u>	-	<u>156,429</u>	<u>15,000</u>	<u>165,340</u>	<u>24,738</u>
Expenses:						
Direct costs -						
Salaries and wages	-	-	29,188	1,207	-	-
Fringe benefits	-	-	13,443	170	-	-
Retirement plan	-	-	1,668	28	-	-
Contract services	-	-	63,703	-	-	-
Travel	-	-	1,335	2,798	-	-
Consumable supplies	-	-	2,138	886	3,090	-
Space costs	-	-	-	-	-	-
Repairs and maintenance	642	-	-	-	79,304	-
Operating services	-	-	57,382	-	987	24,049
Other	1,179	-	936	1,160	-	350
Indirect costs	-	-	-	-	-	339
In-kind contributions	-	-	-	-	-	-
Total expenses	<u>1,821</u>	-	<u>169,793</u>	<u>6,249</u>	<u>83,381</u>	<u>24,738</u>
Public support, grants from governmental agencies and other revenue over (under) expenses	951	-	(13,364)	8,751	81,959	-
Other changes in net assets:						
Operating transfers in	-	-	-	-	10,800	-
Operating transfers out	-	-	-	-	(100,512)	-
Indirect cost transferred from programs	-	-	-	-	-	-
Addition to property and equipment	-	-	-	-	(3,700)	-
Net assets (deficit), beginning of year	<u>(117)</u>	-	<u>4,044</u>	<u>22,680</u>	<u>91,207</u>	-
Net assets (deficit), end of year	<u>\$ 834</u>	<u>\$ -</u>	<u>\$ (9,320)</u>	<u>\$31,431</u>	<u>\$ 79,754</u>	<u>\$ -</u>

(continued)

ST. MARTIN, IBERIA, LAFAYETTE COMMUNITY ACTION AGENCY, INC.

Combining Statement of Activities - Current Funds (Continued)
Year Ended May 31, 1999

	Lafayette Community Action Council	Iberia Food & Medical	Homeless Family Shelter	Iberia Parish Special Trust	Lafayette Emergency Food & Shelter	Iberia Emergency Food & Shelter
Public support:						
In-kind contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Donations	-	-	-	-	-	-
Total public support	-	-	-	-	-	-
Grants from governmental agencies	-	5,871	-	78	-	32,642
Other revenue:						
Miscellaneous	-	-	-	-	-	23
Total public support, grants from governmental agencies and other revenue	-	5,871	-	78	-	32,665
Expenses:						
Direct costs -						
Salaries and wages	-	-	-	10,449	-	-
Fringe benefits	-	-	-	2,276	-	-
Retirement plan	-	-	-	285	-	-
Contract services	-	-	-	-	-	-
Travel	-	-	-	-	-	-
Consumable supplies	-	-	-	-	-	-
Space costs	-	-	-	-	-	-
Repairs and maintenance	-	-	-	-	-	-
Operating services	-	5,480	-	-	-	32,599
Other	-	-	-	-	-	-
Indirect costs	-	-	-	1,665	-	-
In-kind contributions	-	-	-	-	-	-
Total expenses	-	5,480	-	14,675	-	32,599
Public support, grants from governmental agencies and other revenue over (under) expenses	-	391	-	(14,597)	-	66
Other changes in net assets:						
Operating transfers in	-	-	-	14,597	-	-
Operating transfers out	-	-	-	-	-	-
Indirect cost transferred from programs	-	-	-	-	-	-
Addition to property and equipment	-	-	-	-	-	-
Net assets (deficit), beginning of year	5	1,888	3,304	-	-	-
Net assets (deficit), end of year	\$ 5	\$ 2,279	\$ 3,304	\$ -	\$ -	\$ 66

(continued)

ST. MARTIN, IBERIA, LAFAYETTE COMMUNITY ACTION AGENCY, INC.

Combining Statement of Activities - Current Funds (Continued)
Year Ended May 31, 1999

	<u>Headstart</u>	<u>RSVP</u>	<u>Medicaid Enrollment</u>	<u>Cookbook Fund</u>	<u>Family Preservation</u>	<u>Payroll</u>
Public support:						
In-kind contributions	\$1,340,609	\$ -	\$ -	\$ -	\$ -	\$ -
Donations	-	-	-	-	275	-
Total public support	<u>1,340,609</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>275</u>	<u>-</u>
Grants from governmental agencies	5,887,527	63,504	20,482	-	17,042	-
Other revenue:						
Miscellaneous	<u>3,491</u>	<u>154</u>	<u>-</u>	<u>439</u>	<u>-</u>	<u>-</u>
Total public support, grants from governmental agencies and other revenue	<u>7,231,627</u>	<u>63,658</u>	<u>20,482</u>	<u>439</u>	<u>17,317</u>	<u>-</u>
Expenses:						
Direct costs -						
Salaries and wages	2,119,729	29,744	14,149	-	7,287	-
Fringe benefits	386,121	4,777	2,024	-	1,283	-
Retirement plan	57,291	817	388	-	202	-
Contract services	2,148,260	-	-	-	300	-
Travel	51,792	3,738	-	-	186	-
Consumable supplies	63,052	4,303	-	-	1,593	-
Space costs	138,172	-	-	-	-	-
Repairs and maintenance	27,490	-	-	-	-	-
Operating services	15,325	-	-	-	-	-
Other	216,089	5,697	-	1,218	1,555	-
Indirect costs	329,510	4,731	-	-	-	-
In-kind contributions	<u>1,340,469</u>	<u>2,292</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenses	<u>6,893,300</u>	<u>56,099</u>	<u>16,561</u>	<u>1,218</u>	<u>12,406</u>	<u>-</u>
Public support, grants from governmental agencies and other revenue over (under) expenses	<u>338,327</u>	<u>7,559</u>	<u>3,921</u>	<u>(779)</u>	<u>4,911</u>	<u>-</u>
Other changes in net assets:						
Operating transfers in	79,167	-	-	-	-	-
Operating transfers out	-	-	-	-	-	-
Indirect cost transferred from programs	-	-	-	-	-	-
Addition to property and equipment	(417,494)	(5,538)	-	-	-	-
Net assets (deficit), beginning of year	<u>-</u>	<u>15,366</u>	<u>7,027</u>	<u>2,039</u>	<u>(361)</u>	<u>-</u>
Net assets (deficit), end of year	<u>\$ -</u>	<u>\$ 17,387</u>	<u>\$ 10,948</u>	<u>\$ 1,260</u>	<u>\$ 4,550</u>	<u>\$ -</u>

(continued)

ST. MARTIN, IBERIA, LAFAYETTE COMMUNITY ACTION AGENCY, INC.

Combining Statement of Activities - Current Funds (Continued)
Year Ended May 31, 1999

	Child Welfare Resource Center	Accounts Payable	Home Energy Assistance	Needy Family Food Distribution	General	Indirect Cost Pool	Total
Public support:							
In-kind contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,340,609
Donations	-	-	-	-	30,159	-	57,109
Total public support	-	-	-	-	30,159	-	1,397,718
Grants from governmental agencies	44,430	-	999,273	124,397	-	-	9,660,473
Other revenue:							
Miscellaneous	-	-	-	-	-	45	53,478
Total public support, grants from governmental agencies and other revenue	44,430	-	999,273	124,397	30,159	45	11,111,669
Expenses:							
Direct costs -							
Salaries and wages	2,939	-	14,752	2,137	-	249,800	3,331,403
Fringe benefits	582	-	2,376	74	-	38,780	610,608
Retirement plan	-	-	-	55	-	6,813	90,943
Contract services	-	-	-	113	-	55,619	2,290,920
Travel	1,237	-	-	384	-	11,794	101,159
Consumable supplies	4,516	-	-	-	-	-	167,667
Space costs	11,412	-	-	-	-	-	214,571
Repairs and maintenance	12,532	-	-	-	-	2,842	162,361
Operating services	-	-	915,398	112,402	-	81,243	1,886,139
Other	-	-	112	1,646	46,345	927	334,526
Indirect costs	225	-	56,890	965	-	-	475,466
In-kind contributions	-	-	-	-	-	-	1,342,761
Total expenses	33,443	-	989,528	117,776	46,345	447,818	11,008,524
Public support, grants from governmental agencies and other revenue over (under) expenses	10,987	-	9,745	6,621	(16,186)	(447,773)	103,145
Other changes in net assets:							
Operating transfers in	-	-	-	1,005	79,749	-	289,691
Operating transfers out	-	-	(1,000)	(6,283)	(136,055)	-	(289,691)
Indirect cost transferred from programs	-	-	-	-	-	475,466	475,466
Addition to property and equipment	(10,987)	-	-	-	-	-	(513,449)
Net assets (deficit), beginning of year	-	-	4,911	4,448	28,335	22,397	196,699
Net assets (deficit), end of year	\$ -	\$ -	\$ 13,656	\$ 5,791	\$ (44,157)	\$ 50,090	\$ 261,861

ST. MARTIN, IBERIA, LAFAYETTE COMMUNITY ACTION AGENCY, INC.

Indirect Cost Pool
 Statement of Revenue and Expenses
 Year Ended May 31, 1999

	<u>Indirect Cost Pool</u>
Revenue	
Indirect cost revenues	<u>\$475,511</u>
Expenses	
Direct costs:	
Salaries and wages	249,800
Fringe benefits	38,780
Retirement expense	6,813
Contract services	55,576
Travel	11,794
Repairs and maintenance	2,842
Other	970
Operating services -	
Copy machine expense	15,547
Auto expense	7,419
Professional fees	14,671
Rent	8,811
Utilities and telephone	10,133
Office supplies	13,023
Publications and subscriptions	4,351
Insurance - general	3,489
Employee development	<u>3,799</u>
Total expenses	<u>447,818</u>
Excess of revenue over expenses	<u>\$ 27,693</u>

**INTERNAL CONTROL, COMPLIANCE
AND
OTHER GRANT INFORMATION**

KOLDER, CHAMPAGNE, SLAVEN & RAINEY, LLC

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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
St. Martin, Iberia, Lafayette
Community Action Agency, Inc.
Lafayette, Louisiana

We have audited the financial statements of the St. Martin, Iberia, Lafayette Community Action Agency, Inc. (a nonprofit organization) as of and for the year ended May 31, 1999, and have issued our report thereon dated August 25, 1999. 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 St. Martin, Iberia, Lafayette Community Action Agency, Inc. financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the St. Martin, Iberia, Lafayette Community Action 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 reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the St. Martin, Iberia, Lafayette Community Action Agency, Inc.'s ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings and questioned costs in Part II, Section B, reference number 99-1.

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. We consider the reportable condition described in the accompanying schedule of findings and questioned cost to be material weakness. We also noted another matter involving the internal control over financial reporting that we have reported to the management of the St. Martin, Iberia, Lafayette Community Action Agency, Inc. in a separate letter dated August 25, 1999.

This report is intended for the information of the St. Martin, Iberia, Lafayette Community Action Agency, Inc.'s management, and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Kolder, Champagne, Slaven & Rainey, LLC
Certified Public Accountants

Breaux Bridge, Louisiana
August 25, 1999

KOLDER, CHAMPAGNE, SLAVEN & RAINEY, LLC

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Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133

To the Board of Directors
St. Martin, Iberia, Lafayette
Community Action Agency, Inc.
Lafayette, Louisiana

Compliance

We have audited the compliance of the St. Martin, Iberia, Lafayette Community Action 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 May 31, 1999. The St. Martin, Iberia, Lafayette Community Action Agency, 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. Martin, Iberia, Lafayette Community Action Agency, Inc.'s management. Our responsibility is to express an opinion on the St. Martin, Iberia, Lafayette Community Action 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 St. Martin, Iberia, Lafayette Community Action 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 on the St. Martin, Iberia, Lafayette Community Action Agency, Inc.'s compliance with those requirements.

In our opinion, the St. Martin, Iberia, Lafayette Community Action Agency, Inc. complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended May 31, 1999.

Internal Control Over Compliance

The management of the St. Martin, Iberia, Lafayette, Community Action Agency, Inc. is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the St. Martin, Iberia, Lafayette Community Action 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.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be a material weakness. 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 internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of the St. Martin, Iberia, Lafayette Community Action Agency, Inc.'s management, and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Kolder, Champagne, Slaven & Rainey, LLC
Certified Public Accountants

Breaux Bridge, Louisiana
August 25, 1999

ST. MARTIN, IBERIA, LAFAYETTE COMMUNITY ACTION AGENCY, INC.

Schedule of Expenditures of Federal Awards
Year Ended May 31, 1999

<u>Federal Grantor/Pass-Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<u>U. S. Department of Health and Human Services</u>			
Direct Programs:			
Headstart*	93.600	-	\$ 3,890,178
Early Headstart	93.600	-	3,102
Passed-Through:			
Lafayette Parish School Board			2,080,147
State Department of Social Services - Office of Community Services - Home Energy Assistance Program*	93.568	528403	989,528
Family Preservation	93.556	535942	12,406
State Department of Social Services - Office of Family Support - Project Independence	93.561	514462	246,288
Summer Enrichment*	96.561	519989	345,872
Child Welfare Resource Center	93.556	539927	44,430
State Department of Labor - Community Service Block Grant	93.569	99N0024	608,016
State Department of Health and Hospitals - Medicaid Enrollment Program	93.775	4050668	<u>16,561</u>
Total Department of Health and Human Services			<u>8,236,528</u>
<u>The Corporation for National Service</u>			
Direct Program:			
Retired Senior Volunteer Program	94.002	-	<u>59,345</u>
<u>U. S. Department of Housing and Urban Development</u>			
Direct Program:			
Housing Counseling Assistance Program	14.169	-	<u>6,249</u>

(continued)

ST. MARTIN, IBERIA, LAFAYETTE COMMUNITY ACTION AGENCY, INC.

Schedule of Expenditures of Federal Awards (continued)
Year Ended May 31, 1999

<u>Federal Grantor/Pass-Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<u>U. S. Department of Agriculture</u>			
Passed-Through:			
State Department of Agriculture - Needy Family Food Distribution	10.550	-	117,776
State Department of Education - Food Reimbursement*	10.558	-	<u>685,301</u>
Total Department of Agriculture			<u>803,077</u>
 <u>Department of Energy</u>			
Passed-Through:			
State Department of Social Services- Office of Community Services - Weatherization	81.042	515946	<u>169,793</u>
 <u>Other Federal Assistance</u>			
FEMA:			
Emergency Food and Shelter - Iberia	83.523	-	32,599
St. Martin	53.523	-	<u>24,738</u>
Total other federal assistance			<u>57,337</u>
Total expenditures of federal awards			<u>\$ 9,332,329</u>

*Major federal financial assistance programs.

ST. MARTIN, IBERIA, LAFAYETTE COMMUNITY ACTION AGENCY, INC.

Notes to Schedule of Expenditures of Federal Awards
Year Ended May 31, 1999

(1) General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the St. Martin, Iberia, Lafayette Community Action Agency, Inc. The St. Martin, Iberia, Lafayette, Community Action Agency, Inc. reporting entity is defined in Note 1 to the financial statements for the year ended May 31, 1999. All federal financial assistance received directly from federal agencies is included on the schedule as well as federal financial assistance passed through other government agencies. The Head Start, Summer Enrichment, Home Energy Assistance and Food Reimbursement Programs were considered major federal programs for the St. Martin, Iberia, Lafayette Community Action Agency, Inc.

(2) Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the St. Martin, Iberia, Lafayette, Community Action Agency, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

(3) Relationship to Federal Financial Reports

A reconciliation of total expenditures of federal awards reported in the Schedule of Expenditures of Federal Awards to total expenses per statement of activities is as follows:

Total expenses per statement of functional expenses	\$11,245,433
Add: Equipment additions	513,449
Less: In-kind contributions	1,342,761
Depreciation	236,909
Non-federal expenses	<u>846,883</u>
Total expenditures per schedule of federal awards	\$ 9,332,329 =====

The total in-kind contributions of \$1,342,761 and depreciation expense in the amount of \$236,909 were for federal programs.

ST. MARTIN, IBERIA, LAFAYETTE COMMUNITY ACTION AGENCY, INC.

Schedule of Findings and Questioned Costs
Year Ended May 31, 1999

Part I. Summary of Auditor's Results:

1. The auditors' report expresses an unqualified opinion on the financial statements of St. Martin, Iberia, Lafayette Community Action Agency, Inc.
2. A reportable condition in internal control was disclosed by the audit of the financial statements. The reportable condition was considered to be a material weakness.
3. No instances of noncompliance were disclosed by the audit of the financial statements.
4. No reportable conditions in internal control over major programs were disclosed by the audit of the financial statements.
5. The auditors' report on compliance for the major federal award programs expresses an unqualified opinion on all major programs.
6. The audit disclosed no reportable conditions over major programs required to be reported under Section 510(a) of Circular A-133.
7. The major programs were:
U. S. Department of Health and Human Services: Headstart, CFDA 93.600.
U. S. Department of Health and Human Services/Department of Social Services: Summer Enrichment, CFDA 96.561.
U. S. Department of Health and Human Services/Department of Social Services: Home Energy Assistance, CFDA 93.568.
U. S. Department of Agriculture/Department of Education:
Food Reimbursement, CFDA 10.558.
8. The dollar threshold used to distinguish between Type A and Type B programs, as described in Section 520(b) of Circular A-133 was \$300,000.
9. SMILE did not qualify as a low risk auditee.

Part II. Findings which are required to be reported in accordance with generally accepted Governmental Auditing Standards:

A. Compliance Findings -

There are no compliance findings to be reported at May 31, 1999.

ST. MARTIN, IBERIA, LAFAYETTE COMMUNITY ACTION AGENCY, INC.

Schedule of Findings and Questioned Costs (Continued)
Year Ended May 31, 1999

B. Internal Control Finding -

99-1 Reconciliation of cash accounts

Condition: Monthly bank reconciliations were not being performed.

Criteria: Internal controls should be in place that provide reasonable assurances that general ledger cash balances are being reconciled on a monthly basis to the bank statements.

Effect: Amounts were not properly recorded on the financial statements because cash accounts were not reconciled. Manual checks were not reflected in the cash balance on the financial statement. Deposits were recorded twice overstating the cash balance on the financial statements. This resulted in inaccurate financial statements during the year.

Recommendation: We recommend all balance sheet accounts, especially cash, be reconciled on a monthly basis.

Response: We concur with the recommendation. The reconciliation of accounts will be performed on a monthly basis.

Part III. Findings and questioned costs for Federal awards which include audit findings as defined in Section 510(a) of Circular A-133:

There are no findings to be reported under this section at May 31, 1999.

ST. MARTIN, IBERIA, LAFAYETTE COMMUNITY ACTION AGENCY, INC.

Summary Schedule of Prior Audit Findings
Year Ended May 31, 1999

<u>Description of Finding/ Management letter comment</u>	<u>Status</u>
<u>I. Compliance findings</u>	
98-1 Deposits were not adequately secured.	Corrective action was taken.
98-2 SMILE's subrecipient monitoring process was not in compliance with the applicable requirements of OMB circular A-133.	Corrective action was taken.
<u>II. Internal control finding</u>	
98-3 Financial reporting, forecasting, and budgetary controls were not functioning properly to identify potential over spending.	Corrective action was taken.
<u>III. Findings and questioned cost for Federal awards</u>	
Refer to findings 98-2 and 98-3 above.	
<u>IV. Management letter</u>	
98-4 Indirect cost transferred from the individual programs to the indirect cost pool should not exceed the approved amount.	Not resolved. Repeated on May 31, 1999 Management Letter.

ST. MARTIN, IBERIA, LAFAYETTE COMMUNITY ACTION AGENCY, INC.

Management's Corrective Action Plan
Year Ended May 31, 1999

Schedule of Findings and Questioned Costs - Part II, Section A, Finding 99-1:

The St. Martin, Iberia, Lafayette Community Action Agency, Inc. will reconcile all balance sheet accounts on a monthly basis.

KOLDER, CHAMPAGNE, SLAVEN & RAINEY, LLC

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MANAGEMENT LETTER

To the Board of Directors
St. Martin, Iberia, Lafayette
Community Action Agency, Inc.
Lafayette, Louisiana

We have completed our audit of the financial statements of St. Martin, Iberia, Lafayette Community Action Agency, Inc. for the year ended May 31, 1999, and submit the following suggestion for your consideration:

Indirect cost transferred from the individual programs to the indirect cost pool should not exceed the approved amount.

We would like to express our appreciation to the Executive Director, the accounting department, and the entire staff for their support and assistance rendered to us during the performance of the audit.

Kolder, Champagne, Slaven & Rainey, LLC
Certified Public Accountants

Breaux Bridge, Louisiana
August 25, 1999