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**SAFETY NET FOR ABUSED PERSONS, INC.
FINANCIAL REPORT
DECEMBER 31, 1998**

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 Metairie Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date OCT 06 1999

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In our opinion, based on our audit, except for the effect on the financial statements of the matters discussed in the preceding paragraphs, the financial statements referred to above present fairly, in all material respects, the financial position of Safety Net For Abused Persons, Inc. as of December 31, 1998, and the changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated August 18, 1999, on our consideration of Safety Net For Abused Persons, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Broussard, Poché, Lewis & Breau LLP

Lafayette, Louisiana
August 18, 1999

SAFETY NET FOR ABUSED PERSONS, INC.

STATEMENT OF FINANCIAL POSITION
December 31, 1998

ASSETS	
CURRENT ASSETS	
Cash	\$ 18,682
Due from other agencies	26,359
Inventory	<u>843</u>
Total current assets	<u>\$ 45,884</u>
FIXED ASSETS	
Property and equipment, net	<u>\$ 157,453</u>
SECURITY DEPOSIT	
Total assets	<u>\$ 203,686</u>
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Accounts payable	\$ 9,995
Accrued liabilities	33,590
Due to other agencies	783
Income tax payable	2,065
Note payable	15,000
Current portion of mortgage payable	<u>3,089</u>
Total liabilities	<u>\$ 64,522</u>
MORTGAGE PAYABLE, LESS CURRENT PORTION	<u>\$ 60,520</u>
Total liabilities	<u>\$ 125,042</u>
NET ASSETS	
Unrestricted	\$ 59,914
Temporarily restricted	<u>18,730</u>
Total liabilities and net assets	<u>\$ 203,686</u>

See Notes to Financial Statements.

SAFETY NET FOR ABUSED PERSONS, INC.

STATEMENT OF ACTIVITIES
Year Ended December 31, 1998

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUES, GAINS AND OTHER SUPPORT			
Contributions	\$ 48,390	\$ -	\$ 48,390
Grant revenue	-	301,631	301,631
Fundraising events	510,674	-	510,674
Interest revenue	70	-	70
Miscellaneous revenue	1,782	-	1,782
Net assets released from restrictions:			
Satisfaction of program restrictions	<u>298,217</u>	<u>(298,217)</u>	<u>-</u>
Total revenues, gains and other support	<u>\$ 859,133</u>	<u>\$ 3,414</u>	<u>\$ 862,547</u>
 EXPENSES AND LOSSES			
Program expenses	\$ 347,179	\$ -	\$ 347,179
General and administrative expenses	84,160	-	84,160
Fundraising expenses	<u>452,771</u>	<u>-</u>	<u>452,771</u>
Total expenses	<u>\$ 884,110</u>	<u>\$ -0-</u>	<u>\$ 884,110</u>
 Change in net assets	 \$ (24,977)	 \$ 3,414	 \$ (21,563)
Net assets at beginning of year	<u>84,891</u>	<u>15,316</u>	<u>100,207</u>
Net assets at end of year	<u>\$ 59,914</u>	<u>\$ 18,730</u>	<u>\$ 78,644</u>

See Notes to Financial Statements.

SAFETY NET FOR ABUSED PERSONS, INC.

STATEMENT OF CASH FLOWS
Year Ended December 31, 1998

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ (21,563)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	11,480
Decrease in due from other agencies	21,150
Increase in accounts payable	5,206
Increase in accrued liabilities	24,072
Increase in income tax payable	2,065
Increase in due to other agencies	<u>783</u>
Net cash provided by operating activities	<u>\$ 43,193</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of equipment	\$ <u>(7,372)</u>
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CASH FLOWS FROM FINANCING ACTIVITIES

Payments on note payable	\$ (15,000)
Payments on mortgage payable	<u>(2,531)</u>
Net cash used in financing activities	<u>\$ (17,531)</u>

Net increase in cash	\$ 18,290
Cash at beginning of year	<u>392</u>
Cash at end of year	<u>\$ 18,682</u>

SUPPLEMENTAL DATA

Interest paid	\$ <u>8,215</u>
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See Notes to Financial Statements.

SAFETY NET FOR ABUSED PERSONS, INC.

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Organization and Significant Accounting Policies

Nature of organization:

Safety Net For Abused Persons, Inc. (SNAP), is a non-profit organization that provides a wide range of services to victims of domestic violence. Its core service is providing shelter and support for victims and children. In addition, a 24 hour crisis line, individual assessment, and case management are provided. SNAP is also actively involved with community education including law enforcement training and support groups. SNAP coordinates domestic abuse intervention through the court system and provides mandated education for abusers.

The accompanying financial statements of the Organization have been prepared on the accrual basis of accounting.

The Organization is an exempt organization for Federal income tax purposes under Section 501(c)(3) of the Internal Revenue Code. However, certain fundraising activities of the Organization are not specifically exempt from income tax as further discussed in Note. 11

Significant accounting policies:

Support and expenses:

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets in the statement of activities as net assets released from restrictions. The Organization relies heavily on grants (government and other) and general public donations to support its operations.

Expenses are recorded when incurred in accordance with the accrual basis of accounting.

Allowance for doubtful accounts:

The Organization considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required.

NOTES TO FINANCIAL STATEMENTS

Property and equipment:

Purchased property and equipment are recorded at cost at the date of acquisition. Property and equipment purchased with grant funds are recorded as temporarily restricted contributions. In the absence of donor stipulations regarding how long the assets must be used, the Organization has adopted a policy of implying a time restriction that expires over the useful life of the assets. Depreciation is computed by the straight-line method based on the following estimated lives:

	<u>Years</u>
Buildings and improvements	27½
Furniture and equipment	5 - 7

Compensated absences:

Employees of SNAP earn annual leave in varying amounts depending upon length of service. Any amount not used in the year it is earned is lost. Sick leave is earned at the rate of one day a month. Upon termination, no payment is made for unused sick leave. Unused annual leave may be paid; however, based on the policy, SNAP is not required to pay for this time. Therefore, no liability is recorded for compensated absences at December 31, 1998.

Donated services:

SNAP receives donated services from unpaid volunteers who assist in program services during the year; however, these donated services are not reflected in the statement of activity because the criteria for recognition under SFAS No. 116 have not been satisfied.

Cash and cash equivalents:

For the purposes of the statement of cash flows, SNAP considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Note 2. Accounting 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 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.

NOTES TO FINANCIAL STATEMENTS

Note 3. Due From Other Agencies

Due from other agencies consisted of the following at December 31, 1998:

Federal government -	
USDA grant	\$ 888
State of Louisiana -	
OWS grant	1,510
CVA grant	16,849
VAWA grant	5,068
City of New Iberia -	
Emergency Shelter grant	<u>2,044</u>
	<u>\$ 26,359</u>

Note 4. Natural Classification of Expenses

Expenses incurred were for the following at December 31, 1998:

	Victim Support and <u>Shelter</u>	General and <u>Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 221,988	\$ 45,678	\$ 24,286	\$ 291,952
Payroll taxes	25,628	5,273	1,753	32,654
Advertising	104	-	900	1,004
Bank charges	-	-	158	158
Depreciation	11,480	-	-	11,480
Dues and subscriptions	-	478	-	478
Insurance	24,118	4,410	-	28,528
Legal and accounting	-	16,565	-	16,565
Licenses and fees	-	1,058	215	1,273
Office	-	5,999	-	5,999
Rent	1,650	-	31,800	33,450
Prizes	-	-	362,401	362,401
Supplies	8,555	-	26,025	34,580
Telephone	9,800	1,089	-	10,889
Travel and conferences	9,009	1,001	-	10,010
Security	-	-	2,650	2,650
Utilities	7,710	857	-	8,567
Repairs and maintenance	8,924	470	-	9,394
Interest	7,393	822	-	8,215
Other	4,308	460	518	5,286
Income tax	-	-	2,065	2,065
Penalties	<u>6,512</u>	<u>-</u>	<u>-</u>	<u>6,512</u>
	<u>\$ 347,179</u>	<u>\$ 84,160</u>	<u>\$ 452,771</u>	<u>\$ 884,110</u>

NOTES TO FINANCIAL STATEMENTS

Note 5. Property and Equipment

Property and equipment consisted of the following at December 31, 1998:

Land	\$ 28,000
Buildings and improvements	151,190
Furniture and equipment	<u>43,797</u>
	\$ 222,987
 Less accumulated depreciation	 <u>(65,534)</u>
	 <u>\$ 157,453</u>

Note 6. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes or periods as of December 31, 1998:

Building renovations provided by federal grant funds	\$ 15,316
Depreciation of equipment purchased with federal grant funds	<u>3,414</u>
	<u>\$ 18,730</u>

Note 7. Net Assets Released from Restrictions

Net assets were released from restrictions by incurring expenses satisfying the restricted purposes during the year ended December 31, 1998.

IOLTA Program	\$ 27,216
Emergency Shelter Grants Program	15,849
Domestic Violence Program	102,036
Office of Women's Services Contract	140,865
Homeless Children Nutrition Program	7,620
Other programs	<u>4,631</u>
	<u>\$ 298,217</u>

NOTES TO FINANCIAL STATEMENTS

Note 8. Summary of Grants/Contracts Funding

SNAP was funded through the following grants and contracts for the year ended December 31, 1998:

<u>Funding Source</u>	<u>Award Number</u>	<u>Recognized Support</u>
Louisiana Commission on Law Enforcement:		
Domestic Violence Program	97-C4-V.2-0304	\$ 73,006
Domestic Violence Program	98-C4-V.2-0361	14,034
Domestic Violence Program	96-M8-M.05-0429	13,342
Domestic Violence Program	97-M8-M.05-0454	5,068
State of Louisiana:		
Office of Women's Services	CFMS #523803	68,953
Office of Women's Services	CFMS #536762	71,912
Louisiana Bar Foundation:		
IOLTA Grant Program	98-0049	27,216
City of New Iberia:		
Emergency Shelter Grant Program	CFMS #524261	9,392
Emergency Shelter Grant Program	CFMS #5236132	6,457
United States Department of Agriculture:		
Homeless Children Nutrition Program	FY 1998	6,732
Homeless Children Nutrition Program	FY 1999	888
Various small grants/contracts	-	<u>4,631</u>
		<u>\$ 301,631</u>

Note 9. Mortgage Payable

At December 31, 1998, SNAP had a mortgage payable to a bank totaling \$63,609. The mortgage is payable in monthly installments of \$672, which includes interest, through May 28, 2002 with a final payment of the entire unpaid balance of principal and interest due on June 28, 2002. The mortgage is secured by the SNAP building. Maturities by year are as follows:

1999	\$ 3,089
2000	3,345
2001	3,623
2002	<u>53,552</u>
	<u>\$ 63,609</u>

NOTES TO FINANCIAL STATEMENTS

Note 10. Note Payable

At December 31, 1998, SNAP had a \$15,000 line of credit with a bank which could be drawn on more than one time as needed through June 30, 1999, with an interest rate of 8.50%. As of December 31, 1998, \$15,000 of the line of credit had been drawn and was outstanding.

Note 11. Income Taxes on Unrelated Business Income

SNAP has incurred unrelated business income tax on certain fundraising activities not specifically excluded by federal statutes. Income taxes have been provided as follows at December 31, 1998:

Federal tax provision	<u>\$ 2,065</u>
Cash payments for income tax during the year	<u>\$ -0-</u>

Note 12. Bingo Operation

During the year under audit, the Louisiana State Police Office of Gaming investigated the bingo operation of the Organization as a result of allegations of irregular activities. Based on this investigation, an individual who was employed by SNAP during the period investigated was indicted by a grand jury for falsifying documents. Included in the allegations were misappropriation of bingo funds. The amount of funds, if any, that may have been misappropriated have not been determined and accordingly, a receivable is not recorded for any amount that may be recoverable.

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BROUSSARD, POCHÉ, LEWIS & BREAUX, L.L.P.
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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

Other Offices:

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Opelousas, LA
(318) 942-5217

New Iberia, LA
(318) 364-4554

Church Point, LA
(318) 684 2855

Eunice, LA
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Lawrence A. Cramer, CPA*

Eugene C. Gilder, CPA*

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Frank A. Stagno, CPA*

Scott J. Broussard, CPA*

L. Charles Abshire, CPA*

Kenneth R. Dugas, CPA*

P. John Blanchet III, CPA*

Stephen L. Lambousy, CPA*

Craig C. Babineaux, CPA*

Peter C. Borrello, CPA*

Michael P. Crochet, CPA*

George J. Trappey III, CPA*

Daniel E. Gilder, CPA*

Gregory B. Milton, CPA*

S. Scott Soileau, CPA*

Patrick C. McCarthy, CPA*

Martha B. Wyatt, CPA*

Retired:

Sidney L. Broussard, CPA* 1980

Leon K. Poché, CPA 1984

James H. Breaux, CPA 1987

Erma R. Walton, CPA 1988

George A. Lewis, CPA* 1992

Geraldine J. Wimberley, CPA* 1995

Rodney L. Savoy, CPA* 1996

Larry G. Broussard, CPA* 1997

Members of American Institute of
Certified Public Accountants
Society of Louisiana Certified
Public Accountants

To the Board of Directors
Safety Net For Abused Persons, Inc.
New Iberia, Louisiana

We have audited the financial statements of Safety Net For Abused Persons, Inc. as of and for the year ended December 31, 1998, and have issued our report thereon dated August 18, 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 Organization's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under Government Auditing Standards and which is described in the accompanying schedule of findings and questioned costs as items 98-6 and 98-7.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Organization'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 certain matters involving the internal control over financial reporting and its operation that we consider to be reportable

conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable conditions are described in the accompanying schedule of findings and questioned costs as items 98-1 through 98-5.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that the reportable conditions described above are material weaknesses.

This report is intended for the information of management. However, this report is a matter of public record and its distribution is not limited.

Broussard, Poche, Lewis & Breau LLP

Lafayette, Louisiana
August 18, 1999

SAFETY NET FOR ABUSED PERSONS, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 1998

We have audited the financial statements of Safety Net For Abused Persons, Inc. as of and for the year ended December 31, 1998, and have issued our report thereon dated August 18, 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. Our audit of the financial statements as of December 31, 1998 resulted in a qualified opinion.

Section I - Summary of Auditors' Reports

A. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses Yes No
Reportable Conditions Yes No

Compliance

Compliance Material to Financial Statements Yes No

Section II - Financial Statement Findings

98-1 Disbursements

Finding: Numerous problems were encountered when auditing the disbursements of the Organization all of which indicate the lack of an adequate system of internal control over the disbursement process. In addition, one individual was basically handling all aspects of the disbursement process and this individual was also signing the checks. While it appears that disbursements originally required two signatures, at some point during the year this was changed allowing the individual who was authorizing the disbursements to also be the only required signature on the check. The problems encountered are detailed below.

1. No support existed for checks made out to cash totaling \$1,025. The vouchers prepared by SNAP for \$825 of this amount indicated that the payments were for lawn service. There were no vouchers for the remaining \$200.
2. In addition to the problem discussed above, no support existed for checks totaling \$4,471. These included: \$633 for meals and travel paid to employees, \$1,673 for conferences, including air fare and hotel accommodations, and \$2,165 for employee reimbursements for various items. In addition to the above items, an employee reimbursement of \$51 could not be agreed to the support attached and support could not be obtained for \$9,964 of recurring monthly expenses. We would also like to point out that we did not examine all disbursements of the Organization for the year under audit. Based on the results of the items tested, however, the likelihood of additional unsupported disbursements exists.

3. There were other payments where SNAP did not have the invoice on file. For these we were able to obtain the invoice from the Company that received the payment. For one obtained, the payment exceeded the invoice by \$10 and for another, it was discovered that it was for a bill that was paid twice by SNAP. The amount was \$113 and we did not see where SNAP was reimbursed for the overpayment.
4. Some invoices tested were not paid on a timely basis resulting in the payment of late charges.
5. There are no procedures in place to monitor purchases of goods or services from related parties. It appears that during the year under audit, computers were purchased from a related party. Board approval was not obtained for this purchase.

Recommendation: The following procedures need to be established to provide for a better system of internal control over the disbursement process:

1. Two signatures should be required on all disbursements and SNAP should take immediate action to effect this change in policy. In addition, duties related to the disbursement process need to be segregated, as much as possible, to avoid the situation where one individual performs all the functions.
2. Payments should be made only when there is adequate support for the disbursement and the support should be maintained by SNAP.
3. Payments should be made on a timely basis to avoid late charges.
4. Any anticipated purchases of goods or services from related parties should require Board approval.

98-2 Payroll Reports

Finding: Payroll reports during the year were not filed or paid on time resulting in penalties and interest of \$5,446 being assessed during the 1998 fiscal year.

Recommendation: Procedures need to be established to ensure that payroll reports and all related deposits are filed and paid on a timely basis.

98-3 Claims for Reimbursement/Cost Reports

Finding: The following problems were encountered when auditing the claims for reimbursement/cost reports submitted by SNAP to the applicable grantors:

1. The individual line item amounts included in the claims for reimbursement submitted under the Emergency Shelter Program did not always agree to the invoices paid by SNAP. It appears that for some items, one-twelfth of the budget was requested each month instead of the actual payment. Based on our examination, for all line items tested except bookkeeping, the total amount paid for the year exceeded the amount requested. For the bookkeeping amount requested, we could

not determine if the total paid exceeded the amount requested due to the timing of the payments; some 1997 payments were made in 1998 and, therefore, we could not determine if those had been claimed in 1997. Also, some 1998 payments were not made until 1999. There was no information on file to aid us in determining what payments were claimed each month.

2. The quarterly reports prepared by SNAP for the IOLTA Program Grant for the third and fourth quarters were incorrect. The third quarter report included \$538 of payroll and payroll taxes in excess of what was paid. The fourth quarter report included \$167 of payroll and payroll taxes in excess of what was paid. In addition, the fourth quarter report included \$300 of salaries paid to an individual whose salary appears to be included in the CVA grant for that period.
3. The individual line items for supplies and other direct costs included in the claims for reimbursement submitted under the VAWA grant lacked support. It appears that SNAP claimed one-twelfth of the budget amount each month.
4. There was nothing on file to support the amounts claimed for reimbursement submitted under the CVA grant. For ten months out of the year, it appears that SNAP requested one-twelfth of the budget amount each month for all items except equipment. The equipment amount was all requested in one month. For the other two months, SNAP did not request one-twelfth of the budget amount; however, we still could not reconcile the amount claimed each month to the amounts paid. In addition, it appears that \$300 paid to one employee included in the budget for this grant was also claimed under the IOLTA Program Grant and another employee included in the budget for this grant appears to have a portion of her salary paid for by the OWS grant.
5. There was nothing on file to support the amounts on the cost reports submitted under the OWS grant for the period January 1, 1998 through June 30, 1998. For the period July 1, 1998 through December 31, 1998, the amount reported for one employee was \$292 more than the amount paid by SNAP. In addition, the amount reported as payroll taxes for the same period was \$912 more than the support on file.

Recommendation: Procedures need to be established to ensure that claims for reimbursements and cost reports are prepared accurately for all grants.

98-4 Petty Cash

Finding: There appear to be no procedures in place to ensure the proper handling of the petty cash of the Organization. During the course of the audit, several checks were written to petty cash and with the exception of the St. Martinville office, there were no receipts supporting the check to replenish petty cash.

Recommendation: Procedures need to be established to properly handle petty cash. These would include maintaining receipts any time the funds are used and submitting the receipts to the bookkeeper whenever petty cash is low and needs to be replenished.

98-5 Cash Receipts

Finding: For the majority of the year under audit, one individual was handling all aspects of donations received by the Organization in cash. This results in an inadequate system of internal control.

Recommendation: Duties related to the handling of cash donations need to be segregated, as much as possible, to avoid the situation where one individual handles all aspects of the transaction.

98-6 IOLTA Program Grant

Finding: As part of the grant requirements of the IOLTA Program Grant, SNAP must file timely reports on and remit all Federal payroll taxes and withholdings. As noted in 98-2 above, SNAP violated this requirement.

Recommendation: Procedures need to be established to ensure that all grant requirements are complied with.

98-7 Submission of Audit Report

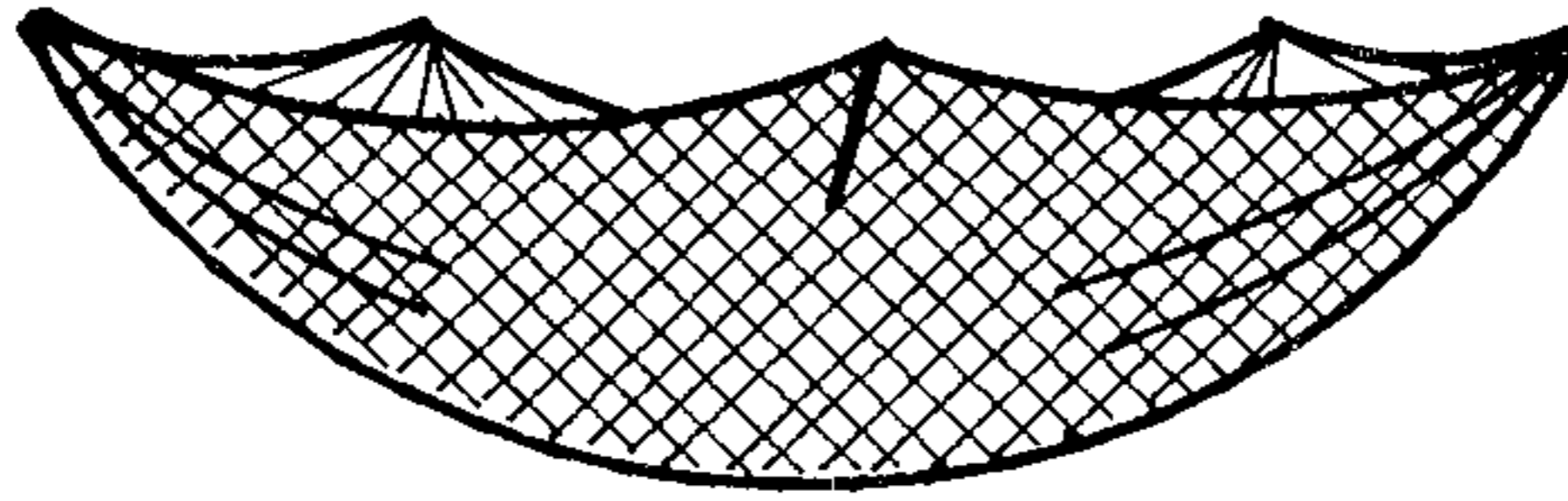
Finding: SNAP did not comply with Louisiana Revised Statute 24:513 regarding the submission of the audit report to the Legislative Auditor within six months of the fiscal year end.

Recommendation: In the future, every effort should be made to assure that all required information is available to allow the timely completion of the audit.

SAFETY NET FOR ABUSED PERSONS

(318) 367-SNAP

(318) 367-7627



September 2, 1999

Broussard, Poche', Lewis & Breaux, L.L.P.
Certified Public Accountants
Post Office Box 61400
Lafayette, LA 70596-1400

Safety Net for Abused Persons, Inc. respectfully submits the following schedule of prior year findings for the year ended December 31, 1998.

I. Internal Control and Compliance Material to the Financial Statements

1997 Finding No. 97-1: Inadequate Segregation of Duties

Similar findings are included in the current year's scheduling of findings and questioned costs as Finding 98-1 and 98-5.

II. Internal Control and Compliance Material to Federal Awards

Not applicable.

III. Management Letter

The prior year's report did not include a management letter.

Sincerely yours,

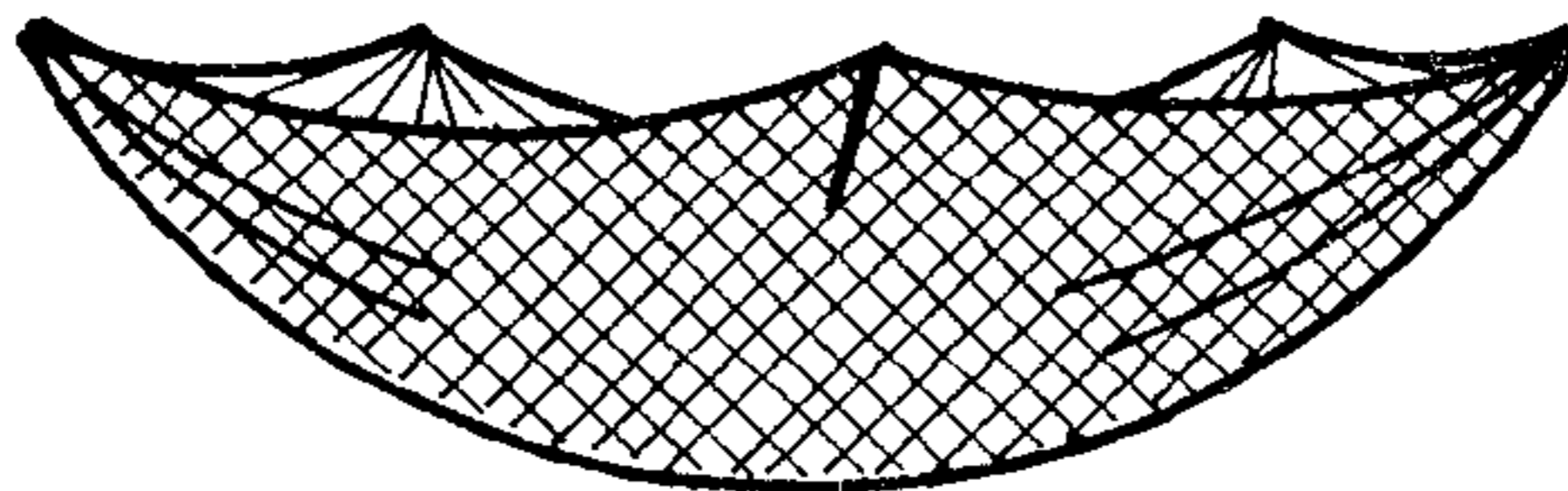
SAFETY NET FOR ABUSED PERSONS, INC.


Natalie Sarsfield
Executive Director

SAFETY NET FOR ABUSED PERSONS

(318) 367-SNAP

(318) 367-7627



September 2, 1999

Dr. Daniel Kyle
Legislative Auditor
State of Louisiana
Post Office Box 94397
Baton Rouge, LA 70804-9397

Safety Net for Abused Persona, Inc. respectfully submits the following corrective action plan for the year ended December 31, 1998.

Name and address of independent public accounting firm:
Broussard, Poche', Lewis & Breaux, L.L.P.
Certified Public Accountants
Post Office Box 61400
Lafayette, Louisiana 70596-1400

Audit period: January 1, 1998 through December 31, 1998

The findings from the 1998 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the number assigned in the schedule. Section I of the schedule, Summary of Auditors' Reports, does not include findings and is not addressed.

Section II – Financial Statement Findings Attached

SAFETY NET FOR ABUSED PERSONS, INC.
FINANCIAL REPORT - DECEMBER 31, 1998

RESPONSE TO SECTION II - FINANCIAL STATEMENT FINDINGS

98-1 Disbursements

The following policies and procedures have been established to provide internal controls over the disbursement process.

- The Executive Director shall authorize all purchases and approve all invoices and employee travel reimbursements for payment. The Finance Committee shall approve the Executive Director's travel reimbursement request.
- Original invoices, indicating date, amount and description of purchase are required as support documentation for payment of goods or services. Vendor monthly statements shall be reconciled to ensure timely and accurate settlement of all accounts.
- Payment of invoices and travel reimbursements shall be made within 30 days of invoice. Early payment shall be made in order to take advantage of vendor discounts and to avoid penalty and/or interest.
- Travel expense forms, receipts for meals, hotel accommodations, public transportation, registration fees and odometer readings for personal vehicle transportation, are required as support documentation for employee travel reimbursements.
- The bookkeeper shall audit invoices and travel requests for completeness and accuracy, write checks for payment, and record all financial transactions in a computerized Peachtree accounting system.
- Two signatures are required on checks written from the Operations, Bingo and Special checking accounts. The four members of the Executive Committee are authorized to sign checks on all three bank accounts, and the Bingo Manager is authorized to sign on the Bingo account.
- Support documentation for all disbursements will be kept on file in the administrative office.
- Purchases of goods or services from related parties of Board members and employees shall require prior Board approval.

98-2 Payroll Reports

The following procedures have been established to ensure that payroll reports and deposits are filed and paid timely.

- SNAP is subject to a semi-weekly deposit schedule and is required to transmit federal tax payments via the Electronic Federal Tax Payment System (EFTPS). The bookkeeper shall place a telephone call to the Internal Revenue Service to schedule the required federal tax payment for payroll taxes due before the paychecks are issued to employees.
- Quarterly payroll tax reports will be prepared and mailed within 30 days after the end of the quarter.

98-3 Claims for Reimbursement/Cost Reports

- Expenditures shall be recorded adhering to the budget line items for each grant.
- Monthly general ledger reports for each grant will be used to request reimbursement of actual expenditures. A copy of the general ledger report, which details support documentation, for the claim for reimbursement will be attached to each cost report for easy reference to expenditures.
- Requests for reimbursement of grant expenditures will be prepared at the end of the reporting period.

98-4 Petty Cash

Petty Cash Funds Overview

Safety Net for Abused Persons, Inc. (SNAP) may establish and maintain a petty cash fund for the purpose of making change, purchasing items of small cost, payment of postage due, and for other nominal expenditures of a non-recurring nature which cannot be administered economically and efficiently through customary purchasing practices.

Petty cash funds may be established by writing a check from the operations bank account. Before establishment of the fund, the Executive Director shall seek approval from the Board of Directors stating the purpose and amount of the petty cash fund. The petty cash custodian must retain a copy of the approval on file.

Petty Cash Fund Policies

The following policies shall apply to the establishment and maintenance of petty cash funds:

- Approval from the Board of Directors must be obtained before establishing a petty cash fund.
- A petty cash custodian(s) shall be established for the fund.
- The petty cash custodian is held responsible for the safeguarding of the petty cash fund and must adhere to these policies at all times. The petty cash custodian is released from these policies only when the funds are stolen due to criminal action or lost as the result of any other natural disaster (e.g., fire, etc.).
- The petty cash fund must be kept intact and not commingled with any other funds (e.g., cash receipts for the day). The cash on hand plus vendor's invoices and/or petty cash vouchers plus reimbursements in transit must equal the amount of the established fund at all times. The fund shall be subject to audit at any time.
- Personal checks/employee advances (or any checks) are not to be cashed from the petty cash fund.
- A vendor's invoice or statement should be secured for each expenditure showing date, amount, and description of purchase. If the vendor does not provide an invoice statement, a "petty cash voucher" should be completed by the petty cash custodian with an explanation why an invoice could not be obtained.
- If there is a permanent change made in the custodianship of the petty cash fund, both the former and successor custodian (where possible) should complete a single "Change of Custodianship" form showing the status of the fund at the date of change in custodianship.
- Payments for individual orders for goods or services amounting to more than \$25.00 are not to be made from the petty cash fund unless it is an emergency.

Petty Cash Fund Procedures

Procedures to Increase/Decrease or for Dissolution of the Petty Cash Fund:

- Submits letter to the Board of Directors requesting an increase/decrease of the petty cash fund with sufficient justification.
- To request dissolution of the petty cash fund, submits a letter to the Board of Directors explaining the reason for dissolution.

Procedures if Petty Cash Fund is Lost or Stolen:

- If the petty cash fund is lost or stolen, the petty cash custodian must notify the local police department and file an official police report. The petty cash custodian must retain a copy of the report.
- If the petty cash fund is lost due to a fire outbreak, the petty cash custodian must report the fire to the local Fire Marshall's office and file a "property loss" report. The petty cash custodian must retain a copy of the report.

Procedures for Maintenance of the Petty Cash Fund:

- An individual may be reimbursed for small items of expenditures from the petty cash fund by submitting an original invoice, which indicates date, amount and description of purchase to the petty cash custodian.
- The petty cash custodian completes a petty cash voucher and has the individual requesting reimbursement sign it. Only those payments that are related to the operation of the agency are to be made from the petty cash fund. Any non-valid disbursements will become the personal responsibility of the custodian authorizing the erroneous payment.
- The petty cash custodian reimburses the individual for the amount of purchase from the petty cash fund and puts the petty cash voucher and invoice in the petty cash box.
- An individual may request a petty cash advance by submitting a "Request for Petty Cash Advance" stating the amount and justification for the advance to the petty cash custodian. The custodian will keep the voucher requesting the advance in the petty cash box; the individual is totally responsible for the cash advance until submission of the documentation required for reimbursement.
- The petty cash custodian prepares a reimbursement voucher, attaches petty cash vouchers and invoices, and submits to the Executive Director for approval. Reimbursement should be requested when 50 percent of the fund has been expended, or a sufficient number of payment entries are available to fill a complete reimbursement voucher. This will help minimize continuous depletion of the fund.
- The Executive Director examines the reimbursement voucher, petty cash vouchers and invoices and approve reimbursement to the petty cash fund. The Finance Committee approves all requests for reimbursements made by the Executive Director.
- The Executive Director forwards the approved reimbursement voucher, petty cash vouchers and invoices to the bookkeeper.

- The bookkeeper writes a check from the operations fund to the petty cash custodian for the amount of the reimbursement voucher and retains original documentation on file in the administrative office.

98-5 Cash Receipts

Cash Receipts Overview

This section defines the policies for the proper receipting, depositing and safeguarding monies received by SNAP. It also establishes guideline for the receipt and deposit of :

- Revenues
- Refunds of Expenditures
- Collections against Receivables
- Deferred Revenues

Cash Receipts Policies

The following policies apply when processing Cash Receipts:

- Procedures shall include good internal controls, segregation of duties, and adequate documentation and audit trails.
- All monies received by SNAP shall be deposited immediately (within 24 hours) upon receipt in a bank account.
- All monies received shall be safeguarded, deposited and recorded in the Peachtree Accounting System.
- Individuals handling monies shall be bonded.
- A responsible person(s) shall be assigned to receive all monies, issue a cash receipt and prepare a deposit slip.
- Must use triplicate, pre-printed, pre-numbered, hand-written receipts.
- Ensure that cash is proved each day and reconciled against receipts before deposits are made.
- Grant monies received for refund of expenditures from a vendor after the close of a grant period, shall be returned to the grantor.
- Grant revenue that is earned but not collected will be recorded as accounts receivable at year end.

- Deferred revenues recorded during the current year must be reversed and recognized at the time the revenues are expended.
- All supporting documentation for cash receipts shall be maintained at SNAP for a minimum of five years.

Receipting, Depositing, Accounting of Cash Receipts Procedures

- A shelter/client advocate shall receive all cash donations (check, cash, money order) and issue a pre-printed, pre-numbered cash receipt to the donor. A copy of the receipt and cash shall be kept secure in a locked cabinet at all times. The triplicate copy shall be kept in the receipt book..
- The receipts shall be reconciled with collected funds and submitted to the bookkeeper daily.
- The bookkeeper verifies that there are no missing numbered receipts, reconciles the receipts with the cash, prepares a bank deposit and submits to the Executive Director. The bank deposit may be delayed until the cash receipts total less than \$100.
- The bookkeeper shall prepare a voucher for checks received from grantors, prepare a bank deposit and submit to the Executive Director.
- The Executive Director shall make the bank deposit and return the receipted deposit slip to the bookkeeper.
- The bookkeeper records the bank deposit into the Peachtree Accounting System and files the deposit slip with the cash receipts attached in the Administrative office.

98-6 IOLTA Program Grant

The following procedures have been established to ensure that grant requirements are complied with timely.

- IOLTA quarterly reports will be prepared and mailed by the 15th day of each quarter. This is in accordance to the IOLTA grant requirements.

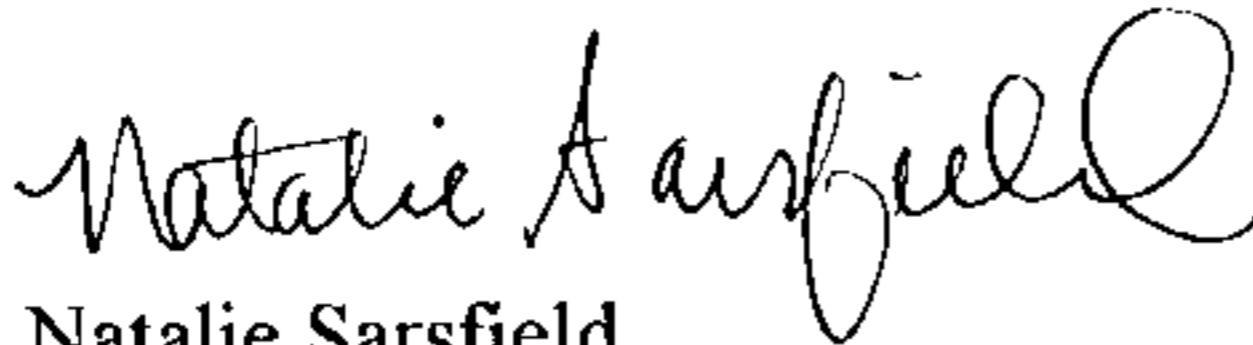
98-7 Submission of Audit Report

- Safety Net for Abused Persons, Inc. will secure an audit firm including an engagement letter by the close of each fiscal year.
- Safety Net for Abused Persons, Inc. will comply with Louisiana Revised Statute 24:513 regarding the submission of the audit report to the Legislative Auditor within six months of the fiscal year end, June 30, 2000.
- All support documentation will be readily available to the auditor for audit.

If the Legislative Auditor has questions regarding this plan, please call me at (318) 367-7627.

Sincerely yours,

SAFETY NET FOR ABUSED PERSONS, INC.



Natalie Sarsfield
Executive Director