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**TRI-COMMUNITIES RESOURCES,
INCORPORATED**
Lafayette, Louisiana

Financial Statements

Year Ended June 30, 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 0 1 1999

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	1-2
FINANCIAL STATEMENTS	
Statements of financial position	4
Statements of activities	5
Statements of cash flows	6
Notes to financial statements	7-8
SUPPLEMENTAL INFORMATION	
Statements of functional expenses	10
Compliance and Internal Control	
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in accordance With Government Auditing Standards	12-13
Summary schedule of findings and corrective action plan	14
Other Supplementary Information	
Impact of Year 2000 on computer programs (unaudited)	16

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Tri-Communities Resources, Incorporated
Lafayette, Louisiana

We have audited the accompanying statement of financial position of the Tri-Communities Resources, Incorporated (a nonprofit organization), as of June 30, 1999, and the related statement of activities and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit 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 the Tri-Communities Resources, Incorporated, as of June 30, 1999 and the changes in its net assets and its cash flows for the year then ended, in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated September 30, 1999 on our consideration of Tri-Communities Resources, Incorporated's internal control over financial reporting and our test of its compliance with certain provisions of laws and regulations.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying financial information listed as "Supplemental Information" in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information, except for that portion marked "unaudited", has been subjected to the auditing procedures applied in the audits 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.

The year 2000 supplementary information is 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 Tri-Communities Resources, Incorporated is or will become year 2000 compliant, that the Corporation's year 2000 remediation efforts will be successful in whole or in part, or that parties with which the Corporation does business are or will be year 2000 compliant.

The 1998 financial statements were compiled by us and our report thereon, dated November 6, 1998, stated we did not audit or review those financial statements and, accordingly, expressed no opinion or other form of assurance on them.

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

Lafayette, Louisiana
September 30, 1999

FINANCIAL STATEMENTS

TRI-COMMUNITIES RESOURCES, INCORPORATED

Statements of Financial Position
June 30, 1999 and 1998

	<u>1999</u>	(Unaudited) <u>1998</u>
ASSETS		
CURRENT ASSETS		
Cash	\$29,280	\$26,049
Interest bearing deposits	10,594	25,000
Receivables	21	-
Prepaid Insurance	729	437
Prepaid Rent	<u>1,125</u>	<u>375</u>
Total current assets	41,749	51,861
NONCURRENT ASSETS		
Furniture and equipment, net of accumulated depreciation	<u>6,226</u>	<u>6,208</u>
TOTAL ASSETS	<u>\$47,975</u>	<u>\$58,069</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accrued liabilities	\$ 1,079	\$ 1,045
NET ASSETS		
Unrestricted	<u>46,896</u>	<u>57,024</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$47,975</u>	<u>\$58,069</u>

The accompanying notes are an integral part of this statement.

TRI-COMMUNITIES RESOURCES, INCORPORATED

Statements of Activities
For the years ended June 30, 1999 and 1998

	<u>1999</u>	<u>(Unaudited) 1998</u>
CHANGES IN UNRESTRICTED NET ASSETS		
Support:		
State grants	\$ 100,000	\$ 100,000
Other grants	-	26,512
Interest income	2,333	2,947
Miscellaneous income	495	190
Total unrestricted support	<u>102,828</u>	<u>129,649</u>
Expenses:		
Functional Expenses -		
Tutorial services	47,750	78,977
Homemaker services	410	432
Support services	64,796	75,400
Total expenses	<u>112,956</u>	<u>154,809</u>
Decreases in unrestricted assets	(10,128)	(25,160)
NET ASSETS, beginning of year	<u>57,024</u>	<u>82,184</u>
NET ASSETS, end of year	<u>\$ 46,896</u>	<u>\$ 57,024</u>

The accompanying notes are an integral part of this statement.

TRI-COMMUNITIES RESOURCES, INCORPORATED

Statements of Cash Flows
For the years ended June 30, 1999 and 1998

	<u>1999</u>	(Unaudited) <u>1998</u>
CASH FLOWS FROM (USED BY) OPERATING ACTIVITIES		
Decrease in net assets	\$(10,128)	\$(25,160)
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	2,116	2,663
Changes in current assets and liabilities -		
(Decrease)Increase in receivables	(21)	454
(Increase)Decrease in prepaid items	(1,042)	396
Increase(Decrease) in accrued liabilities	<u>33</u>	<u>(539)</u>
Net cash used by operations	(9,042)	(22,186)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for furniture and equipment	<u>(2,133)</u>	<u>(433)</u>
Net decrease in cash and cash equivalents	(11,175)	(22,619)
CASH AND CASH EQUIVALENTS, beginning of year	<u>51,049</u>	<u>73,668</u>
CASH AND CASH EQUIVALENTS, ending of year	<u>\$ 39,874</u>	<u>\$ 51,049</u>

The accompanying notes are an integral part of this statement.

TRI-COMMUNITIES RESOURCES, INCORPORATED
Lafayette, Louisiana

Notes to Financial Statements

(1) Summary of Significant Accounting Policies

A. Nature of Activities

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

B. Financial Statement Presentation

In 1997, the Organization elected to adopt Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations."

Under SFAS No. 117, the Organization 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. As permitted by this new statement, the Organization has discontinued its use of fund accounting and has, accordingly, reclassified its financial statements to present the three classes of net assets required. As of June 30, 1999, the Organization had only unrestricted net assets.

C. Basis of Accounting

The Organization also elected to adopt SFAS No. 116 "Accounting for Contributions Received and Contributions Made", in 1997.

In accordance with SFAS No. 116, 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 Organization reports gifts of furniture and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit donor stipulations about how these long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service. The Organization received no contributions for the year ended June 30, 1999.

D. Depreciation

Building and equipment are valued at historical cost and are being depreciated on a straight-line basis.

TRI-COMMUNITIES RESOURCES, INCORPORATED
Lafayette, Louisiana

Notes to Financial Statements (Continued)

E. Income Taxes

The Organization is non-profit corporation and is exempt from Federal income tax as an Organization described in Section 501(c) (3) of the Internal Revenue Code.

F. Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

G. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates made by management.

(2) Furniture and Equipment

The following is a summary of equipment at June 30, 1999 and 1998:

	<u>1999</u>	<u>1998</u>
Office furniture and equipment	\$14,287	\$13,871
Less: accumulated depreciation	<u>8,061</u>	<u>7,663</u>
Net furniture and equipment	<u>\$ 6,226</u>	<u>\$ 6,208</u>

(3) State Grants

The Organization was awarded the following grants during the years ended June 30, 1999 and 1998:

	<u>1999</u>	<u>1998</u>
Governors Office of Urban Affairs and Development	<u>\$100,000</u>	<u>\$100,000</u>

(4) Other Grants

During the year ended June 30, 1998, the Organization was awarded the following local grants:

	<u>1998</u>
Lafayette Consolidated Government	<u>\$26,512</u>

SUPPLEMENTAL INFORMATION

TRI-COMMUNITIES RESOURCES, INCORPORATED

Statements of Functional Expenses
For the years ended June 30, 1999 and 1998

	<u>1999</u>	(Unaudited) <u>1998</u>
Tutorial Services		
In Service/Conference	\$ -	\$ 994
Other contract services	475	260
Tutorials - Contract Costs	44,669	74,865
Supplies	<u>2,606</u>	<u>2,858</u>
Total tutorial services	<u>\$47,750</u>	<u>\$78,977</u>
 Homemaker Services:		
Utility assistance	<u>\$ 410</u>	<u>\$ 432</u>
 Support Services		
Youth Outreach Project	\$ 120	\$ -
License and Filing Fees	-	5
Depreciation Expense	2,116	2,663
Accounting	7,070	9,140
Clerical Service	100	-
Insurance Expense	2,876	2,869
Miscellaneous	379	363
Office Expense	2,233	2,280
Outside Services	-	125
Postage	428	401
Professional Services	-	250
Rent	4,500	3,000
Repairs & Maintenance	500	474
Salaries - Administrative and Clerical	39,871	47,257
Taxes	2,983	4,110
Telephone	692	644
Travel	<u>928</u>	<u>1,819</u>
Total support services	<u>\$64,796</u>	<u>\$75,400</u>

COMPLIANCE AND INTERNAL CONTROL

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 of
Tri-Communities Resources, Incorporated

We have audited the financial statements of the Tri-Communities Resources, Incorporated (a nonprofit organization) as of and for the year ended June 30, 1999, and have issued our report thereon dated September 30, 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 Tri-Communities Resources, Incorporated's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws and regulations, 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 Tri-Communities Resources, Incorporated's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. 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 judgement, could adversely affect the Corporation'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 below.

Inadequate Segregation of Accounting Functions

Finding:

Due to the small number of employees, the Corporation did not have adequate segregation of functions within the accounting system.

Recommendation:

Based upon the size of the operation and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

Response:

No response is considered necessary.

A material weakness is a condition in which the design of 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 over financial reporting that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We believe the reportable condition described above is a material weakness.

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

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

Lafayette, Louisiana
September 30, 1999

TRI-COMMUNITIES RESOURCES, INCORPORATED

Summary Schedule of Findings and Corrective Action Plan
Year Ended June 30, 1999

Ref. No.	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Anticipated Completion Date
Internal Control Finding -						
99-1	Unknown	Due to the small number of employees, the Corporation did not have adequate segregation of functions within the accounting system.	N/A	Due to the size of the organization, it may not be cost-effective to hire additional personnel in order to achieve proper segregation of accounting functions.	Dorothy Henderson	N/A

Prior Year Findings -

None

OTHER SUPPLEMENTARY INFORMATION

TRI-COMMUNITIES RESOURCES, INCORPORATED

Impact of Year 2000 on Computer Programs (Unaudited)

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 Tri-Communities Resources, Incorporated'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.

Management has been determined that the Tri-Communities Resources, Incorporated is not significantly dependent on computerized systems for essential operations. There are no contracted amounts committed to this project as of June 30, 1999.

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 Corporation is or will be year 2000 ready, that the Corporation's remediation efforts will be successful in whole or in part, or that the parties with whom the Corporation does business will be year 2000 ready.